



## INDEPENDENT AUDITOR'S REPORT

### Southern NSW Local Health District

To Members of the New South Wales Parliament

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

### Opinion

In my opinion, the financial statements:

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

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

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

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

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

### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

## Independence

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

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

S Bond .

Sally Bond  
Director, Financial Audit Services

5 October 2012  
SYDNEY

**Southern 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 present a true and fair view of the financial position and the financial performance of the Southern NSW Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.

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.

Maxwell Alexander  
**Chief Executive Officer**  
28 September 2012



Tony Hickmott  
**Director Finance**  
28 September 2012



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

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual Six months ended 30 June	Notes	Actual	Budget Unaudited	Actual Six months ended 30 June
2012	2012	2011		2012	2012	2011
\$000	\$000	\$000		\$000	\$000	\$000
<b>Expenses excluding losses</b>						
Operating Expenses						
			Employee Related	3		
166,219	162,805	74,520	Personnel Services	4	166,219	162,805
27,764	23,592	14,238	Visiting Medical Officers		27,764	23,592
102,222	98,554	56,945	Other Operating Expenses	5	102,222	98,554
9,228	9,116	4,507	Depreciation and Amortisation	2(i), 6	9,228	9,116
114	43	0	Grants and Subsidies	7	114	43
43	227	0	Finance Costs	8	43	227
<b>305,590</b>	<b>294,337</b>	<b>150,210</b>	<b>Total Expenses excluding losses</b>		<b>305,590</b>	<b>294,337</b>
<b>Revenue</b>						
246,924	246,924	124,504	NSW Ministry of Health Recurrent Allocations	2(d)	246,924	246,924
17,016	20,249	3,437	NSW Ministry of Health Capital Allocations	2(d)	17,016	20,249
0	0	0	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	5,320	6,852
34,510	33,720	13,639	Sale of Goods and Services	9	34,510	33,720
265	183	55	Investment Revenue	10	265	183
11,355	11,716	4,350	Grants and Contributions	11	6,035	4,864
2,495	508	2,354	Other Revenue	13	2,495	508
<b>312,565</b>	<b>313,300</b>	<b>148,339</b>	<b>Total Revenue</b>		<b>312,565</b>	<b>313,300</b>
<b>3</b>	<b>0</b>	<b>0</b>	<b>Gain / (Loss) on Disposal</b>	<b>14</b>	<b>3</b>	<b>0</b>
<b>(1,855)</b>	<b>(1,325)</b>	<b>(314)</b>	<b>Other Gains / (Losses)</b>	<b>15</b>	<b>(1,855)</b>	<b>(1,325)</b>
<b>5,123</b>	<b>17,638</b>	<b>(2,185)</b>	<b>Net Result</b>	<b>31</b>	<b>5,123</b>	<b>17,638</b>
<b>Other Comprehensive Income</b>						
Net Increase/(Decrease) in						
Property, Plant & Equipment						
0	0	0	Asset Revaluation Surplus		0	0
Available for Sale Financial Assets						
0	0	0	-Valuation Gains/(Losses)		0	0
0	0	0	-Transferred to Net Result on Disposal		0	0
Net Change in the Asset Revaluation						
Surplus Arising from a Change in the						
0	0	0	Restoration Liability		0	0
0	0	0	Other Net Increases/(Decreases) in Equity		0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>Total Other Comprehensive Income for the year</b>		<b>0</b>	<b>0</b>
<b>5,123</b>	<b>17,638</b>	<b>(2,185)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,123</b>	<b>17,638</b>

The accompanying notes form part of these financial statements.

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

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual Six months ended 30 June	Notes	Actual	Budget Unaudited	Actual Six months ended 30 June	
2012 \$000	2012 \$000	2011 \$000		2012 \$000	2012 \$000	2011 \$000	
<b>ASSETS</b>							
<b>Current Assets</b>							
9,972	12,255	2,862	Cash and Cash Equivalents	18	9,972	12,255	2,862
9,987	9,908	11,116	Receivables	19	9,987	9,908	11,116
520	313	352	Inventories	20	520	313	352
<u>20,479</u>	<u>22,476</u>	<u>14,330</u>			<u>20,479</u>	<u>22,476</u>	<u>14,330</u>
306	165	165	Non-Current Assets Held for Sale	22	306	165	165
<b>20,785</b>	<b>22,641</b>	<b>14,495</b>	<b>Total Current Assets</b>		<b>20,785</b>	<b>22,641</b>	<b>14,495</b>
<b>Non-Current Assets</b>							
602	656	656	Receivables	19	602	656	656
Property, Plant and Equipment							
165,244	167,766	160,913	- Land and Buildings	21	165,244	167,766	160,913
10,569	11,995	9,875	- Plant and Equipment	21	10,569	11,995	9,875
2,937	2,940	3,138	- Infrastructure Systems	21	2,937	2,940	3,138
<u>178,750</u>	<u>182,701</u>	<u>173,926</u>	Total Property, Plant and Equipment		<u>178,750</u>	<u>182,701</u>	<u>173,926</u>
<b>179,352</b>	<b>183,357</b>	<b>174,582</b>	<b>Total Non-Current Assets</b>		<b>179,352</b>	<b>183,357</b>	<b>174,582</b>
<b>200,137</b>	<b>205,998</b>	<b>189,077</b>	<b>Total Assets</b>		<b>200,137</b>	<b>205,998</b>	<b>189,077</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
25,625	20,630	21,263	Payables	24	25,625	20,630	21,263
429	0	0	Borrowings	25	429	0	0
19,688	13,765	14,727	Provisions	26	19,688	13,765	14,727
630	192	192	Other	27	630	192	192
<u>46,372</u>	<u>34,587</u>	<u>36,182</u>	<b>Total Current Liabilities</b>		<u>46,372</u>	<u>34,587</u>	<u>36,182</u>
<b>Non-Current Liabilities</b>							
572	2	0	Borrowings	25	572	2	0
137	945	69	Provisions	26	137	945	69
<u>709</u>	<u>947</u>	<u>69</u>	<b>Total Non-Current Liabilities</b>		<u>709</u>	<u>947</u>	<u>69</u>
<b>47,081</b>	<b>35,534</b>	<b>36,251</b>	<b>Total Liabilities</b>		<b>47,081</b>	<b>35,534</b>	<b>36,251</b>
<b>153,056</b>	<b>170,464</b>	<b>152,826</b>	<b>Net Assets</b>		<b>153,056</b>	<b>170,464</b>	<b>152,826</b>
<b>EQUITY</b>							
0	0	0	Reserves		0	0	0
<u>153,056</u>	<u>170,464</u>	<u>152,826</u>	Accumulated Funds		<u>153,056</u>	<u>170,464</u>	<u>152,826</u>
<b>153,056</b>	<b>170,464</b>	<b>152,826</b>	<b>Total Equity</b>		<b>153,056</b>	<b>170,464</b>	<b>152,826</b>

The accompanying notes form part of these financial statements.

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

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Available For Sale Reserve \$000	Total \$000
<b>Balance at 1 July 2011</b>		152,826	0	0	152,826
Changes in Accounting Policy		0	0	0	0
Correction of Errors		0	0		0
<b>Restated Total Equity at 1 July 2011</b>		<b>152,826</b>	<b>0</b>	<b>0</b>	<b>152,826</b>
<b>Net Result for the year</b>		5,123			5,123
<b>Other Comprehensive Income:</b>					
Net Increase/(Decrease) in Property, Plant & Equipment		0	0	0	0
Available for Sale Financial Assets:					
-Valuation Gains/(Losses)		0	0	0	0
-Transfers on Disposal		0	0	0	0
Changes in Restoration Liability		0	0	0	0
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income for the year</b>		<b>5,123</b>	<b>0</b>	<b>0</b>	<b>5,123</b>
<b>Transactions With Owners In Their Capacity As Owners</b>					
Increase/(Decrease) in Net Assets From Equity Transfers	35	(4,893)	0	0	(4,893)
<b>Balance at 30 June 2012</b>		<b>153,056</b>	<b>0</b>	<b>0</b>	<b>153,056</b>
<b>Balance at 1 January 2011</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Result for the year</b>		(2,185)			(2,185)
<b>Other Comprehensive Income:</b>					
Net Increase/(Decrease) in Property, Plant & Equipment		0	0	0	0
Available for Sale Financial Assets:					
-Valuation Gains/(Losses)		0	0	0	0
-Transfers on Disposal		0	0	0	0
Changes in Restoration Liability		0	0	0	0
Other (SPECIFY)		0	0	0	0
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income for the year</b>		<b>(2,185)</b>	<b>0</b>	<b>0</b>	<b>(2,185)</b>
<b>Transactions With Owners In Their Capacity As Owners</b>					
Increase/(Decrease) in Net Assets From Equity Transfers	35	155,011	0	0	155,011
<b>Balance at 30 June 2011</b>		<b>152,826</b>	<b>0</b>	<b>0</b>	<b>152,826</b>

The accompanying notes form part of these financial statements.



**Southern NSW Local Health District**  
**Statement of Cash Flows for the year ended 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual Six months ended 30 June		Actual	Budget Unaudited	Actual Six months ended 30 June
2012 \$000	2012 \$000	2011 \$000	Notes	2012 \$000	2012 \$000	2011 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
				(163,353)	(162,102)	(64,604)
(125)	(47)	0	Employee Related	(125)	(47)	0
(2)	(2)	0	Grants and Subsidies	(2)	(2)	0
(298,290)	(296,281)	(128,845)	Finance Costs	(134,937)	(134,179)	(64,241)
			Other			
<b>(298,417)</b>	<b>(296,330)</b>	<b>(128,845)</b>	<b>Total Payments</b>	<b>(298,417)</b>	<b>(296,330)</b>	<b>(128,845)</b>
<b>Receipts</b>						
246,924	246,924	124,504	NSW Ministry of Health Recurrent Allocations	246,924	246,924	124,504
17,016	20,249	3,437	NSW Ministry of Health Capital Allocations	17,016	20,249	3,437
0	0	0	Cash Reimbursements from the Crown Entity	5,320	6,852	0
31,941	32,088	3,215	Sale of Goods and Services	31,941	32,088	3,215
265	183	181	Interest Received	265	183	181
10,234	10,801	0	Grants and Contributions	4,914	3,949	0
14,504	14,547	2,534	Other	14,504	14,547	2,534
<b>320,884</b>	<b>324,792</b>	<b>133,871</b>	<b>Total Receipts</b>	<b>320,884</b>	<b>324,792</b>	<b>133,871</b>
<b>22,467</b>	<b>28,462</b>	<b>5,026</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>22,467</b>	<b>28,462</b>	<b>5,026</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Proceeds from Sale of Land and Buildings, Plant and Equipment</b>						
3	0	0	and Infrastructure Systems	3	0	0
0	0	0	Proceeds from Sale of Investments	0	0	0
<b>Purchases of Land and Buildings, Plant and Equipment</b>						
(14,871)	(18,846)	(3,961)	Infrastructure Systems and Intangibles	(14,871)	(18,846)	(3,961)
0	0	0	Purchases of Investments	0	0	0
<b>(14,868)</b>	<b>(18,846)</b>	<b>(3,961)</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(14,868)</b>	<b>(18,846)</b>	<b>(3,961)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
0	0	0	Proceeds from Borrowings and Advances	0	0	0
(489)	(223)	0	Repayment of Borrowings and Advances	(489)	(223)	0
<b>(489)</b>	<b>(223)</b>	<b>0</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(489)</b>	<b>(223)</b>	<b>0</b>
<b>7,110</b>	<b>9,393</b>	<b>1,065</b>	<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>7,110</b>	<b>9,393</b>	<b>1,065</b>
2,862	2,862	1,797	Opening Cash and Cash Equivalents	2,862	2,862	1,797
0	0	0	Cash Transferred In/(Out) as a Result of Administrative Restructuring	0		0
<b>9,972</b>	<b>12,255</b>	<b>2,862</b>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>9,972</b>	<b>12,255</b>	<b>2,862</b>

The accompanying notes form part of these financial statements.

Southern 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		Total		
	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000
<b>Expenses excluding losses</b>																					
Operating Expenses																					
Employee Related	11,899	4,001	2,113	334	8,295	2,407	23,708	7,142	65,303	43,787	27,328	5,895	22,486	9,121	4,871	1,150	216	682	166,219	74,519	
Visiting Medical Officers	744	242	3	1	269	183	3,487	2,088	17,926	8,509	3,231	1,860	2,099	1,059	5	55	241	241	27,764	14,238	
Other Operating Expenses	3,360	1,650	354	459	6,962	3,841	11,722	8,838	62,986	28,090	5,829	5,562	10,132	7,519	797	832	80	154	102,222	56,945	
Depreciation and Amortisation	457	202	11	7	333	240	1,485	790	5,239	2,305	715	216	960	674	14	42	14	31	9,228	4,507	
Grants and Subsidies			63				1	4			33		1		12					114	
Finance Costs	3				2		6		24		1		6		1					43	
Payments to Affiliated Health Organisations																					
Other Expenses																					
<b>Total Expenses excluding losses</b>	16,463	6,095	2,544	801	15,861	6,671	40,409	18,858	151,482	82,691	37,137	13,533	35,684	18,373	5,700	2,079	310	1,108	305,590	150,209	
<b>Revenue</b>																					
NSW Ministry of Health Recurrent Allocations ***																					
NSW Ministry of Health Capital Allocations ***																					
Asset Sale Proceeds Transferred to the NSW Ministry of Health																					
Acceptance by the Crown Entity																					
of Employee Benefits and Other Liabilities	382				407		688		2,325		804		697		13		24				
Sale of Goods and Services	525	106	21	4	227	89	1,331	413	19,419	9,157	1,322	193	11,612	3,655	46	15	3	7	3,729	5,320	
Investment Revenue	12	4	11		38	19	29	8	139	143	6		28	5	1	1	1	1		34,506	
Grants and Contributions	599	40		4	542	122	118	11	1,568	94	1,028	10	1,602	230		107	578	3		265	
Other Revenue	44	4	4		525		486	326	948	1,270	112		370	627	9		1			6,035	
<b>Total Revenue</b>	1,562	154	36	8	1,739	230	2,632	758	24,399	10,664	3,272	203	14,309	4,517	69	123	607	11	263,940	131,670	
Gain / (Loss) on Disposal							1		2												
Other Gains / (Losses)	(48)	(15)	(2,508)	(794)	(91)	(12)	(268)	(35)	(1,055)	(173)	(258)	(27)	(114)	(43)	(2)	(5)	(19)	(3)	(1,855)	(314)	
<b>Net Result</b>	(14,949)	(5,956)	(2,508)	(794)	(14,213)	(6,453)	(38,044)	(18,135)	(128,136)	(72,200)	(34,123)	(13,357)	(21,489)	(13,899)	(5,633)	(1,961)	278	(1,100)	263,940	131,670	
<b>Other Comprehensive Income</b>																					
Increase/(Decrease) in Asset Revaluation Reserve																					
Other (SPECIFY)																					
<b>Total Other Comprehensive Income</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Comprehensive Income</b>	(14,949)	(5,956)	(2,508)	(794)	(14,213)	(6,453)	(38,044)	(18,135)	(128,136)	(72,200)	(34,123)	(13,357)	(21,489)	(13,899)	(5,633)	(1,961)	278	(1,100)	263,940	131,670	

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 for 2011 are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.

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

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



Southern 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		
<b>ASSETS</b>																							
<b>Current Assets</b>																							
Cash and Cash Equivalents	537	116	83	15	518	127	1,319	359	4,943	1,576	258	1,212	1,164	350	186	40	10	21			9,972	2,862	
Receivables	321	103	7	6	357	153	541	506	5,010	7,112	135	672	2,939	3,012	14	82	124	7			9,985	11,116	
Inventories	17	10	2		35	25	60	58	320	184	21	30	52	48	4	5		1			520	352	
Financial Assets at Fair Value																							
Other Financial Assets																							
Other	15	7			11	9	49	29	175	84	24	8	32	25	2	2					306	165	
Non-Current Assets Held for Sale	890	236	92	21	921	314	1,969	952	10,448	8,956	1,938	422	4,187	3,435	204	129	134	30			20,783	14,495	
<b>Non-Current Assets</b>																							
<b>Total Current Assets</b>	16	17	1	1	10	11	37	40	316	345	26	24	165	180	31	34	2	2			602	656	
Receivables																							
Financial Assets at Fair Value																							
Other Financial Assets																							
Property, Plant and Equipment																							
- Land and Buildings	17,023	16,576	745	726	3,937	3,834	10,131	9,865	102,394	98,710	17,189	17,189	10,190	9,923	3,265	3,179	370	361			165,244	160,913	
- Plant and Equipment	1,089	1,017	48	45	252	235	648	605	6,550	6,120	1,099	1,027	652	609	209	195	24	22			10,571	9,875	
- Infrastructure Systems	303	323	13	14	70	75	180	192	1,819	1,946	306	306	181	193	58	62	7	7			2,937	3,138	
Intangible Assets																							
Other																							
<b>Total Non-Current Assets</b>	18,431	17,933	807	786	4,269	4,155	10,996	10,702	111,079	108,121	18,618	18,118	11,188	10,905	3,563	3,470	403	392			179,354	174,582	
<b>TOTAL ASSETS</b>	19,321	18,169	899	807	5,190	4,469	12,995	11,654	121,527	117,077	20,556	18,540	15,375	14,340	3,767	3,599	537	422			200,137	189,077	
<b>LIABILITIES</b>																							
<b>Current Liabilities</b>																							
Payables	2,326	1,931	123	102	520	431	1,502	1,247	15,927	13,215	2,091	2,520	2,181	1,810	459	381	67	56			25,625	21,264	
Borrowings	50		4		17		22		214		53		48		13		8					429	
Provisions	1,409	794	250	66	983	478	2,808	1,418	7,735	8,694	3,237	1,171	2,663	1,811	577	228	26	135			19,688	14,795	
Other	34	8	5	1	33	9	83	24	311	106	77	17	74	23	12	3	1	1			630	192	
<b>Total Current Liabilities</b>	3,819	2,733	382	169	1,553	918	4,415	2,689	24,187	22,015	5,887	3,279	4,966	3,644	1,061	612	102	192			46,372	36,251	
<b>Non-Current Liabilities</b>																							
Borrowings	67		6		22		30		285		71		64		17		10				572		
Provisions	21		2		8		6		53		19		17		6		5				137		
Other																							
<b>Total Non-Current Liabilities</b>	88		8		30		36		338		90		81		23		15				709		
<b>TOTAL LIABILITIES</b>	3,907	2,733	390	169	1,583	918	4,451	2,689	24,525	22,015	5,979	3,279	5,047	3,644	1,084	612	117	192			47,081	36,251	
<b>NET ASSETS</b>	15,414	15,436	509	638	3,607	3,551	8,514	8,965	97,002	95,062	14,579	15,261	10,328	10,696	2,683	2,987	420	230			153,056	152,826	

\* 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.

Southern NSW Local Health District  
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## 1. The Reporting Entity

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

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

The parent entity comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control.

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

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

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

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive on [INSERT DATE].

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

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and its regulations, and the Treasurers' Direction. Apart from the basis for the District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ab).

Notwithstanding the consolidated entity has a working capital deficiency of \$25.59M 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 ..... confirming that the District receives each year funding from monies appropriated to the Minister from the Consolidated Fund in accordance with Section 127 of the Health Services Act 1997.

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

Other mitigating circumstances why the going concern is appropriate include:

\* The District has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.

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

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

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

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

### Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period is a six month period as the entity was established on 1 January 2011.

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

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

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

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

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

Southern NSW Local Health District  
Notes to and forming part of the Financial Statements  
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**d) Income Recognition**

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

*Sale of Goods*

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

*Rendering of Services*

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

*Patient Fees*

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

*High Cost Drugs*

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

*Motor Accident Authority Third Party*

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



Southern NSW Local Health District  
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*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.

Southern NSW Local Health District  
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*Grants and Contributions*

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

*NSW Ministry of Health Allocations*

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

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

**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.

**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.

Southern NSW Local Health District  
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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.

**i) Depreciation of Property, Plant and Equipment**

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

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

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

Southern NSW Local Health District  
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"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 was at 30 June 2010 in the former Greater Southern Area Health Service and was based on an independent assessment.

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

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

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.

Southern 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. No such assets existed at balance date.

**m) Restoration Costs**

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

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

The District 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.

Southern NSW Local Health District  
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**o) Investment Properties**

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

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

**p) Intangible Assets**

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

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

**s) Inventories**

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

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



Southern NSW Local Health District  
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**t) Loans and Receivables**

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

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

**u) Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Southern 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 Southern 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 Southern 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.*

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

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

**v) Impairment of financial assets**

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

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

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

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

**w) De-recognition of financial assets and financial liabilities**

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

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

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

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

Southern NSW Local Health District  
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**x) Payables**

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

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

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

**y) Borrowings**

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

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

**z) Equity Transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004, *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

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

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

**aa) Equity and Reserves**

**(i) Asset Revaluation Surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

Southern NSW Local Health District  
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**(ii) Accumulated Funds**

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

**(iii) Separate Reserves**

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

**ab) Trust Funds**

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

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

**ac) Budgeted Amounts**

The budgeted amounts are drawn from the budgets agreed with the NSW 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) Service Group Statements Allocation Methodology**

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

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

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

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**ae) New Australian Accounting Standards Issued but not Effective**

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

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

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

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

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

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

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

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

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

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

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

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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.



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

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

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

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PARENT		CONSOLIDATION	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
<b>3. Employee Related</b>			
Employee related expenses comprise the following:			
		114,261	48,334
		4,411	2,539
		10,825	5,747
		2,474	1,258
		11,138	4,987
		2,846	2,411
		12,275	5,854
		4,752	2,131
		239	0
		2,964	1,244
		34	15
		<b>166,219</b>	<b>74,520</b>
The following additional information is provided:			
		90	0
<b>4. Personnel Services</b>			
Personnel Services comprise the purchase of the following:			
114,261	48,334		
4,411	2,539		
10,825	5,747		
2,474	1,258		
11,138	4,987		
2,846	2,411		
12,275	5,854		
4,752	2,131		
239	0		
2,964	1,244		
34	15		
<b>166,219</b>	<b>74,520</b>		
The following additional information is provided:			
90	0		
<b>5. Other Operating Expenses</b>			
1,107	582	1,107	582
2,886	1,401	2,886	1,401
6,358	3,603	6,358	3,603
13,074	6,923	13,074	6,923
2,938	1,138	2,938	1,138
21,567	19,059	21,567	19,059
7,553	3,979	7,553	3,979
3,088	712	3,088	712
485	135	485	135
1,127	530	1,127	530
3,446	1,293	3,446	1,293
2,241	1,147	2,241	1,147
0	7	0	7
10,804	5,092	10,804	5,092
937	345	937	345
664	298	664	298
607	222	607	222
354	145	354	145
1,057	410	1,057	410
13,952	7,129	13,952	7,129
3,698	1,758	3,698	1,758
1,673	18	1,673	18
2,606	1,019	2,606	1,019
<b>102,222</b>	<b>56,945</b>	<b>102,222</b>	<b>56,945</b>

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<b>PARENT</b>		<b>CONSOLIDATION</b>	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
<b>(a) Sundry Operating Expenses comprise :</b>			
947	18	947	18
727	0	727	0
<u>1,674</u>	<u>18</u>	<u>1,674</u>	<u>18</u>
<b>(b) General Expenses include :-</b>			
104	48	104	48
107	80	107	80
3	0	3	0
35	18	35	18
250	56	250	56
3,400	1,542	3,400	1,542
266	112	266	112
26	3	26	3
1	(1)	1	(1)
62	0	62	0
1,307	546	1,307	546
934	392	934	392
13	0	13	0
74	3	74	3
628	236	628	236
12,823	15,695	12,823	15,695
16	12	16	12
1,516	317	1,516	317
<b>(c) Reconciliation of Total Maintenance</b>			
6,814	2,977	6,814	2,977
486	0	486	0
<u>7,300</u>	<u>2,977</u>	<u>7,300</u>	<u>2,977</u>

Southern NSW Local Health District  
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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
7,214	3,529	Depreciation - Buildings	7,214	3,529
1,813	878	Depreciation - Plant and Equipment	1,813	878
201	100	Depreciation - Infrastructure Systems	201	100
<b>9,228</b>	<b>4,507</b>		<b>9,228</b>	<b>4,507</b>
<b>7. Grants and Subsidies</b>				
45	0	Non-Government Organisations	45	0
13	0	Grants to Research Orgs	13	0
56	0	Other Grants	56	0
<b>114</b>	<b>0</b>		<b>114</b>	<b>0</b>
<b>8. Finance Costs</b>				
41	0	Interest on Bank Overdrafts and Loans	41	0
2	0	Other Interest Charges	2	0
<b>43</b>	<b>0</b>		<b>43</b>	<b>0</b>

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2012</b>	<b>Six months to 30 June 2011</b>		<b>2012</b>	<b>Six months to 30 June 2011</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>9. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
512	292	Sale of Prosthesis	512	292
6	2	Other	6	2
26	14	Pharmacy Sales	26	14
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
12,546	5,031	- Inpatient Fees	12,546	5,031
1,247	466	- Nursing Home Fees	1,247	466
318	536	- Non Inpatient Fees	318	536
7,886	4,123	Department of Veterans' Affairs	7,886	4,123
67	20	Staff-Meals and Accommodation	67	20
9	0	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	9	0
2	7	Child Care Fees	2	7
989	372	Clinical Services (excluding Clinical Drug Trials)	989	372
241	126	Commercial Activities	241	126
22	12	Fees for Medical Records	22	12
7	3	Information Retrieval	7	3
2,381	1,138	High Cost Drugs	2,381	1,138
11	2	Meals on Wheels	11	2
973	378	Motor Accident Authority Third Party	973	378
4,993	0	Patient Inflows from Interstate	4,993	0
4	2	Patient Transport Fees	4	2
62	0	Salary Packaging Fee	62	0
34	19	Services Provided to Non NSW Health Organisations	34	19
1,882	912	Multi Purpose Service Centre Fees	1,882	912
292	184	Other	292	184
<b>34,510</b>	<b>13,639</b>		<b>34,510</b>	<b>13,639</b>
<b>10. Investment Revenue</b>				
		Interest		
265	55	- Other	265	55
<b>265</b>	<b>55</b>		<b>265</b>	<b>55</b>

Southern NSW Local Health District  
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<b>PARENT</b>		<b>CONSOLIDATION</b>	
Six months to		Six months to	
2012	30 June 2011	2012	30 June 2011
\$000	\$000	\$000	\$000
<b>11. Grants and Contributions</b>			
1	0	1	0
1,490	93	1,490	93
793	428	793	428
324	0	324	0
3,102	47	3,102	47
2,474	1,306	0	0
24	0	24	0
3,147	2,476	301	53
<b>11,355</b>	<b>4,350</b>	<b>6,035</b>	<b>621</b>
<b>12. Acceptance by the Crown Entity of employee benefits</b>			
The following liabilities and expenses have been assumed by the Crown Entity:			
		2,474	1,306
		2,846	2,423
		<b>5,320</b>	<b>3,729</b>
<b>13. Other Revenue</b>			
Other Revenue comprises the following:-			
14	1	14	1
30	10	30	10
31	16	31	16
1,852	2,174	1,852	2,174
455	126	455	126
28	6	28	6
3	0	3	0
82	21	82	21
<b>2,495</b>	<b>2,354</b>	<b>2,495</b>	<b>2,354</b>
<b>14. Gain / (Loss) on Disposal</b>			
1,658	0	1,658	0
1,658	0	1,658	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3	0	3	0
<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>
0	0	0	0
0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>
<b>15. Other Gains / (Losses)</b>			
(955)	0	(955)	0
(900)	(314)	(900)	(314)
<b>(1,855)</b>	<b>(314)</b>	<b>(1,855)</b>	<b>(314)</b>

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**PARENT AND CONSOLIDATED**

**16. Conditions on Contributions**

	<b>Purchase of Assets</b>	<b>Health Promotion, Education and Research</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at balance date	1	0	122	123
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	24	137	1,990	2,151
Total amount of unexpended contributions as at balance date	25	137	2,112	2,274

Comment on restricted assets appears in Note 23

## 17. Service Groups of the District

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

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

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

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

### Service Group 1.2 - Aboriginal Health Services

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

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

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

### Service Group 1.3 - Outpatient Services

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

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



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**Service Group 2.1 - Emergency Services**

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

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

**Service Group 2.2 - Inpatient Hospital Services**

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

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

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

**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.

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**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.

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2012</b>	<b>2011</b>		<b>2012</b>	<b>2011</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>18. Cash and Cash Equivalents</b>				
<u>9,972</u>	<u>2,862</u>	Cash at Bank and On Hand	<u>9,972</u>	<u>2,862</u>
<b><u>9,972</u></b>	<b><u>2,862</u></b>		<b><u>9,972</u></b>	<b><u>2,862</u></b>
Cash and 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>9,972</u>	<u>2,862</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>9,972</u>	<u>2,862</u>
<b><u>9,972</u></b>	<b><u>2,862</u></b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b><u>9,972</u></b>	<b><u>2,862</u></b>

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

Southern NSW Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT		CONSOLIDATION	
2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>19. Receivables</b>			
<b>Current</b>			
2,407	2,519	2,407	2,519
5,211	4,424	5,211	4,424
1,385	2,825	1,385	2,825
1,049	1,332	1,049	1,332
10,052	11,100	10,052	11,100
(129)	(70)	(129)	(70)
9,923	11,030	9,923	11,030
64	86	64	86
<b>9,987</b>	<b>11,116</b>	<b>9,987</b>	<b>11,116</b>
<b>(a) Movement in the Allowance for Impairment</b>			
<b>Sale of Goods and Services</b>			
0	0		
(68)	0	(68)	0
767	(68)	767	(68)
0	0	0	0
(Increase)/decrease in Allowance Recognised in			
(764)	0	(764)	0
(65)	(68)	(65)	(68)
<b>(b) Movement in the Allowance for Impairment</b>			
<b>Other Debtors</b>			
(1)	0	(1)	0
73	(1)	73	(1)
0	0	0	0
(Increase)/decrease in Allowance Recognised in			
(136)	0	(136)	0
(64)	(1)	(64)	(1)
<b>(129)</b>	<b>(69)</b>	<b>(129)</b>	<b>(69)</b>
<b>Non-Current</b>			
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
602	656	602	656
<b>602</b>	<b>656</b>	<b>602</b>	<b>656</b>

Southern NSW Local Health District  
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		<b>19. Receivables (cont.)</b>		
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
0	0	Balance at Commencement of Reporting Period	0	0
0	0	Amounts written off during the year	0	0
<u>0</u>	<u>0</u>	Amounts recovered during the year	0	0
		Increase/(decrease) in Allowance Recognised in		
0	0	Result for the Year	0	0
0	0	Balance at 30 June	0	0
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
0	0	Balance at Commencement of Reporting Period	0	0
0	0	Amounts written off during the year	0	0
0	0	Amounts recovered during the year	0	0
		Increase/(decrease) in Allowance Recognised in		
0	0	Result for the Year	0	0
<u>0</u>	<u>0</u>	Balance at 30 June	<u>0</u>	<u>0</u>
<b><u>0</u></b>	<b><u>0</u></b>		<b><u>0</u></b>	<b><u>0</u></b>
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
50	106	Patient Fees - Compensable	50	106
55	38	Patient Fees - Ineligible	55	38
<u>1,824</u>	<u>1,859</u>	Patient Fees - Other	<u>1,824</u>	<u>1,859</u>
<b><u>1,929</u></b>	<b><u>2,003</u></b>		<b><u>1,929</u></b>	<b><u>2,003</u></b>

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

Southern NSW Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>20. Inventories - Current - Held for Distribution</b>				
<u>520</u>	<u>352</u>	Drugs	<u>520</u>	<u>352</u>
<u><b>520</b></u>	<u><b>352</b></u>		<u><b>520</b></u>	<u><b>352</b></u>

Southern NSW Local Health District  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>21. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
336,338	324,793	Gross Carrying Amount	336,338	324,793
<u>171,094</u>	<u>163,880</u>	Less Accumulated Depreciation and Impairment	<u>171,094</u>	<u>163,880</u>
<b><u>165,244</u></b>	<b><u>160,913</u></b>	Net Carrying Amount	<b><u>165,244</u></b>	<b><u>160,913</u></b>
<b>Plant and Equipment - Fair Value</b>				
20,004	18,811	Gross Carrying Amount	20,004	18,811
<u>9,435</u>	<u>8,936</u>	Less Accumulated Depreciation and Impairment	<u>9,435</u>	<u>8,936</u>
<b><u>10,569</u></b>	<b><u>9,875</u></b>	Net Carrying Amount	<b><u>10,569</u></b>	<b><u>9,875</u></b>
<b>Infrastructure Systems - Fair Value</b>				
6,025	6,025	Gross Carrying Amount	6,025	6,025
<u>3,088</u>	<u>2,887</u>	Less Accumulated Depreciation and Impairment	<u>3,088</u>	<u>2,887</u>
<b><u>2,937</u></b>	<b><u>3,138</u></b>	Net Carrying Amount	<b><u>2,937</u></b>	<b><u>3,138</u></b>
<b><u>178,750</u></b>	<b><u>173,926</u></b>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<b><u>178,750</u></b>	<b><u>173,926</u></b>

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

**21. Property, Plant and Equipment - Reconciliation**

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>								
Net Carrying Amount at Start of Year	16,908	140,203	3,802	0	9,875	3,138	0	173,926
Additions	800	2,404	9,437	0	2,230	0	0	14,871
Reclassifications to Intangibles								0
Recognition of Assets Held for Sale	(60)	(81)	0	0	0	0	0	(141)
Disposals	0	0	0	0	0	0	0	0
Administrative Restructures - Transfers In/(Out)	0	0	0	0	278	0	0	278
Net Revaluation Increment Less Revaluation Decrements	0	0	0	0	0	0	0	0
Impairment Losses (Recognised in "Other Gains/Losses)	(955)	0	0	0	0	0	0	(955)
Depreciation Expense	0	(7,214)	0	0	(1,813)	(201)	0	(9,228)
Reclassifications	0	1,367	(1,367)	0	0	0	0	0
<b>Net Carrying Amount at End of Year</b>	<b>16,693</b>	<b>136,679</b>	<b>11,872</b>	<b>0</b>	<b>10,570</b>	<b>2,937</b>	<b>0</b>	<b>178,751</b>

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2011</b>								
Net Carrying Amount at Start of Reporting Period	0	0	0	0	0	0	0	0
Additions	0	0	1,984	0	1,977	0	0	3,961
Reclassifications to Intangibles								0
Recognition of Assets Held for Sale	(165)	0	0	0	0	0	0	(165)
Disposals	0	0	0	0	0	0	0	0
Administrative Restructures - Transfers In/(Out)	17,073	143,003	2,547	0	8,775	3,238	0	174,636
Net Revaluation Increment Less Revaluation Decrements	0	0	0	0	0	0	0	0
Impairment Losses (Recognised in "Other Gains/Losses)								0
Depreciation Expense	0	(3,529)	0	0	(878)	(100)	0	(4,507)
Reclassifications	0	729	(729)	0	0	0	0	0
<b>Net Carrying Amount at End of Year</b>	<b>16,908</b>	<b>140,203</b>	<b>3,802</b>	<b>0</b>	<b>9,874</b>	<b>3,138</b>	<b>0</b>	<b>173,925</b>

- (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 Opteon Property Group as at 30 June 2010. Opteon Property Group is not an employee of the District.
- (iii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value. The following table details the indice applied to Non Current Assets as determined by Opteon Property Group :

Year	Land	Buildings	Infrastructure
2010/11	0	0	
2011/12	(5.65)%	0	



Southern NSW Local Health District  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>22. Non-Current Assets (or Disposal Groups) Held for Sale</b>				
<b>Assets Held for Sale</b>				
306	165	Land and Buildings	306	165
<b>306</b>	<b>165</b>		<b>306</b>	<b>165</b>

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

Non-Current Assets held for sale include:

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

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

<b>PARENT</b>			<b>CONSOLIDATION</b>	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>23. Restricted Assets</b>				
<p>The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>				
	<b>Category</b>	<b>Brief Details of Externally Imposed Conditions including Asset Category affected</b>		
1,772	1,527 Specific Purposes		1,772	1,527
	Other			
64	65	Education	64	65
438	306	Frontline Health Services	438	306
0	29	Other	0	29
<b>2,274</b>	<b>1,927</b>		<b>2,274</b>	<b>1,927</b>

Southern NSW Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		<b>24. Payables</b>		
		<b>Current</b>		
		Accrued Salaries, Wages and On-Costs	3,730	2,631
		Taxation and Payroll Deductions	781	913
4,511	3,544	Accrued Liability - Purchase of Personnel Services		
10,887	7,252	Creditors	10,887	7,252
0	0	Interest	0	0
		Other Creditors		
1,168	783	- Capital Works	1,168	783
6,687	4,976	- Intra Health Liability	6,687	4,976
1,925	2,730	- Other	1,925	2,730
447	1,978	- Taxation	447	1,978
<b>25,625</b>	<b>21,263</b>		<b>25,625</b>	<b>21,263</b>

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

		<b>25. Borrowings</b>		
		<b>Current</b>		
0	0	Bank Overdraft	0	0
429	0	Other Loans and Deposits	429	0
0	0	Finance Leases [see note 2(r)]	0	0
0	0	Public Private Partnership	0	0
0	0	Other	0	0
<b>429</b>	<b>0</b>		<b>429</b>	<b>0</b>
		<b>Non-Current</b>		
0	0	Bank Overdraft	0	0
572	0	Other Loans and Deposits	572	0
0	0	Finance Leases [see note 2(r)]	0	0
0	0	Public Private Partnership	0	0
0	0	Other	0	0
<b>572</b>	<b>0</b>		<b>572</b>	<b>0</b>

No assets have been pledged as security/collateral for liabilities and there are no restrictions on any title to property.  
Other loans still to be extinguished represent monies to be repaid to the Health Services Support

Final Repayment is scheduled for **September 2014**

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

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

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2012</b>	<b>2011</b>		<b>2012</b>	<b>2011</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>26. Provisions</b>				
		Annual Leave - Short Term Benefit	0	0
		Annual Leave - Long Term Benefit	17,090	13,410
		Long Service Leave On-Costs	2,598	1,317
19,688	14,727	Provision for Personnel Services Liability		
<u>19,688</u>	<u>14,727</u>	<b>Total Current Provisions</b>	<u>19,688</u>	<u>14,727</u>
<b>Non-Current Employee Benefits and Related On-Costs</b>				
		Long Service Leave On-Costs	137	69
137	69	Provision for Personnel Services Liability		
<u>137</u>	<u>69</u>	<b>Total Non-Current Provisions</b>	<u>137</u>	<u>69</u>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
19,688	14,727	Provisions - Current	19,688	14,727
137	69	Provisions - Non-Current	137	69
		Accrued Salaries, Wages and On-Costs (Note 24)	4,511	3,544
4,511	3,544	Accrued Liability - Purchase of Personnel Services (Note 24)		
<u>24,336</u>	<u>18,340</u>		<u>24,336</u>	<u>18,340</u>

Southern NSW Local Health District  
Notes to and forming part of the Financial Statements  
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<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2012</b>	<b>2011</b>		<b>2012</b>	<b>2011</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>27. Other Liabilities</b>				
<b>Current</b>				
630	192	Income in Advance	630	192
0	0	Other	0	0
<hr/>	<hr/>		<hr/>	<hr/>
<b>630</b>	<b>192</b>		<b>630</b>	<b>192</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
<b>Non-Current</b>				
0	0	Income in Advance	0	0
0	0	Other	0	0
<hr/>	<hr/>		<hr/>	<hr/>
<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

The District has received the following income prior to the services/activity being provided/achieved:- Transitional Aged Care \$18,257 (MoH), High Cost Drugs \$364,000 (MoH), Training \$243,450 (Health Education and Training Institute), Patient Fees \$4,101 (Various).

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

	<b>PARENT</b>		<b>CONSOLIDATION</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>28. Commitments for Expenditure</b>			
<b>(a) Capital Commitments</b>			
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:			
Not later than one year	10,213	1,910	1,910
Later than one year and not later than five years	525	712	712
Later than five years	0	0	0
<b>Total Capital Expenditure Commitments (Including GST)</b>	<b>10,738</b>	<b>2,622</b>	<b>10,738</b>

Of the commitments reported at 30 June 2012 it is expected that none will be met from locally generated moneys.

**(b) Operating Lease Commitments**

Commitments in relation to non-cancellable operating leases are payable as follows:

	1,579	1,199	1,579
Not later than one year	2,345	874	874
Later than one year and not later than five years	0	0	0
Later than five years			
<b>Total Operating Lease Commitments (Including GST)</b>	<b>3,924</b>	<b>2,073</b>	<b>3,924</b>

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

Southern NSW Local Health District  
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**PARENT AND CONSOLIDATED**

**29. Trust Funds**

The District holds trust fund monies of \$0.723 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
Cash Balance at the beginning of the financial year	646	0	65	0	37	0	748
Receipts	572	848	952	504	71	722	1,595
Expenditure	(587)	(202)	(931)	(439)	(102)	(685)	(1,620)
Cash Balance at the end of the financial year	631	646	86	65	6	37	723
							748

Southern NSW Local Health District  
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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.



Southern NSW Local Health District  
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
<b>31. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
22,467	5,026	Net Cash Flows from Operating Activities	22,467	5,026
(9,228)	(4,507)	Depreciation	(9,228)	(4,507)
(900)	(69)	Allowance for Impairment	(900)	(69)
(438)	(192)	Income in advance	(438)	(192)
(2,268)	(742)	(Increase) in Provisions	(2,268)	(742)
(193)	9,168	Increase / (Decrease) in Prepayments and Other Assets	(193)	9,168
(3,365)	(10,869)	(Increase)/ Decrease in Creditors	(3,365)	(10,869)
(955)	0	Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	(955)	0
3	0	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	3	0
<b>5,123</b>	<b>(2,185)</b>	<b>Net Result</b>	<b>5,123</b>	<b>(2,185)</b>

**32. 2011/12 Voluntary Services**

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

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

Southern NSW Local Health District  
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**33. Unclaimed Moneys**

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

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

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

**PARENT AND CONSOLIDATED**

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

**Net Result**

The actual Net Result was unfavourable to budget by \$12.515M, primarily due to the additional costs incurred by the District to attract permanent medical, nursing and allied health professionals in an environment of increasing demand for rural health services.

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

	Unfavourability
Visiting Medical Officers	4.172M
Employee Related (particularly medical agency expenses)	3.414M
Ambulance Costs	1.40M
Travel	1.40M
Radiology and CT	0.70M
Prosthetics	0.69M

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

	Favourability
Grants and Contributions	1.171M
Department of Veteran Affairs Revenue	0.58M
Motor Accident Authority (MAA) Revenue	0.27M

**Assets and Liabilities**

Total Assets were below budget by \$5.861M, largely due to Property Plant and Equipment purchases being \$3.948M lower than Budget. Total liabilities exceeded budget by \$11.547M, with Payables and Provisions exceeding budget by \$4.995M and \$5.115M respectively.

**Cash Flows**

Net Cash Flows from Operating Activities were \$5.995M unfavourable to budget, with Employee Related cash payments exceeding budget by \$1.251M, Capital Allocation receipts from Ministry of Health and Cash Reimbursements from the Crown Entity falling short of budget by \$3.233M and \$1.532M respectively.

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

	\$000
Initial Allocation	189,501
Award Increases	
HSU Award	1,808
VMO Award Increases	488
Special Projects	
Caring Together	165
Mental Health	1,245
National Partnerships	1,325
Statewide Service Enhancements	506
Other	
Budget Transfers from HRTO-GS	32,117
Rural Doctors	495
Nursing	281
IPTAAS	1,173
Pathology	2,454
TMF Adjustments	2,104
Other Adjustments	2,732
Liquidity Assistance	10,530
Balance as per Statement of Comprehensive Income	246,924

Southern NSW Local Health District  
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**35. Increase/(Decrease) in Net Assets from Equity Transfers**

Net assets of \$150.118 Million transferred from the former Greater Health Service with effect from 1 January 2011 commensurate with the responsibilities for health services assumed by the District on that date in accordance with the provisions of the *Health Services Act 1989*.

Consistent with Treasury approval, Long Service Leave liability of \$22.108 Million transferred from the Health Service with effect from 31 December 2010 from which time the Crown Entity assumed responsibility for Long Service Leave.

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

An increase in net assets of \$155.011 Million relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31 December 2010.

Equity transfers effected in 2011/12 comprised:

A decrease in net assets of \$4.889 Million relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisations on 31 May 2012.

Assets and Liabilities transferred are as follows:

	<b>2012</b> <b>\$000</b>
<b>Assets</b>	
Inventory	79
Property, Plant & Equipment	278
<b>Liabilities</b>	
Payables	(1,040)
Provisions	(2,761)
Loans	(1,449)
<b>Increase/(Decrease) in Net Assets From Equity Transfers</b>	<b>(4,893)</b>

Southern NSW Local Health District  
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### 36. Financial Instruments

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

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

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

#### (a) Financial Instrument Categories

##### PARENT AND CONSOLIDATED

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 18)	N/A	9,972	2,862
Receivables (note 19) <sup>1</sup>	Loans and receivables (at amortised cost)	8,538	8,205
Total Financial Assets		<u>18,510</u>	<u>11,067</u>
<b>Financial Liabilities</b>			
Borrowings (note 25)	Financial liabilities	1001	0
Payables (note 24) <sup>2</sup>	measured at	25,178	19,285
Other (note 27)	amortised cost	630	192
Total Financial Liabilities		<u>26,809</u>	<u>19,477</u>

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)

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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 4.27% in 2011/12.

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**Receivables - trade debtors**

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012:\$0.981M; 2011: \$0.343M) and not more than [3] months past due (2012: \$0.353M; 2011:\$0.916M) are not considered impaired and together these represent 86% 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.

<b>\$000</b>			
<b>2012</b>	<b>Total <sup>1,2</sup></b>	<b>Past due but not impaired <sup>1,2</sup></b>	<b>Considered impaired <sup>1,2</sup></b>
<3 months overdue	353	353	0
3 months - 6 months overdue	83	69	4
> 6 months overdue	179	138	40
<b>2011</b>			
<3 months overdue	916	915	1
3 months - 6 months overdue	155	152	3
> 6 months overdue	108	42	66

**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 Southern 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.



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*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		4,511			4,511	4,511		
Creditors		20,667			20,667	20,667		
Borrowings:								
Bank Overdraft								
Non Interest Loans								
Other Loans and Deposits	3.09%	1,631			630	429	572	
Finance Leases								
		<u>26,809</u>	<u>0</u>	<u>0</u>	<u>25,808</u>	<u>25,607</u>	<u>572</u>	<u>0</u>
<b>2011</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		5,445			5,445	5,445		
Creditors		13,840			15,115	15,115		
Borrowings:								
Bank Overdraft								
Non-Interest Loans								
Other Loans and Deposits		192			192			
Finance Leases								
		<u>19,477</u>	<u>0</u>	<u>0</u>	<u>20,752</u>	<u>20,560</u>	<u>0</u>	<u>0</u>

Notes:

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

2. Of the \$1.008M disclosed in the 2012 'other loans and deposits' time band 1-5 yrs, the District has no intention to effect payments in advance of maturity dates on or prior to 30 September 2012.

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**d) Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

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

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The District's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	9,972	0	0	0	0
Receivables	8,538	0	0	0	0
<b>Financial Liabilities</b>					
Payables	25,625	0	0	0	0
Borrowings	1,001	0	0	0	0
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	2,862	0	0	0	0
Receivables	8,205	0	0	0	0
<b>Financial Liabilities</b>					
Payables	21,263	0	0	0	0
Borrowings	0	0	0	0	0

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

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

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

	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	18,510	11,067	18,510	11,067
Cash and Receivables				
Financial liabilities	26,626	21,263	26,626	21,263
Payables and Loans				

**Note 37 Events after the Reporting Period**

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

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

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

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

END OF AUDITED FINANCIAL STATEMENTS

