



INDEPENDENT AUDITOR'S REPORT

Justice and Forensic Mental Health Network

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Justice and Forensic Mental Health Network (the Network), 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 Network and the consolidated entity. The consolidated entity comprises the Network and the entity 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 Network and the consolidated entity, as at 30 June 2012, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

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

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 Network'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 Network'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.

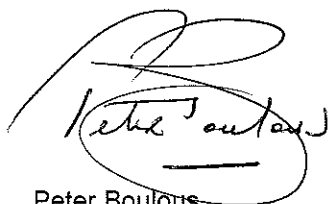
My opinion does *not* provide assurance:

- about the future viability of the Network 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.



Peter Boulous
Director, Financial Audit Services

5 October 2012
SYDNEY

Justice and Forensic Mental Health Network
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 of the Justice and Forensic Mental Health Network for the year ended 30 June 2012 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* and regulation, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Justice and Forensic Mental Health Network; and
- 3) There are no circumstances which would render any particulars in the financial statements 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.



Julie Babineau
Chief Executive
3 October 2012



Christopher Puplick
Chairperson
4 October 2012

Justice and Forensic Mental Health Network
Statement of Comprehensive Income for the year ended 30 June 2012

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2012	2012	2011		2012	2012	2011
\$000	\$000	\$000		\$000	\$000	\$000
Expenses excluding losses						
Operating Expenses						
			Employee Related	3		
132,371	134,023	125,567	Personnel Services	4	0	0
7,183	7,069	5,865	Visiting Medical Officers		7,183	7,069
30,117	31,490	29,991	Other Operating Expenses	5	30,117	31,490
3,461	3,230	3,699	Depreciation and Amortisation	2(h), 6	3,461	3,230
956	946	1,020	Grants and Subsidies	7	956	946
7,284	7,284	7,598	Finance Costs	8	7,284	7,284
181,372	184,042	173,740	Total Expenses excluding losses		181,372	184,042
Revenue						
168,301	168,301	160,643	NSW Ministry of Health Recurrent Allocations	2(d)	168,301	168,301
1,927	1,927	1,350	NSW Ministry of Health Capital Allocations	2(d)	1,927	1,350
0	0	0	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	6,987	6,774
4,457	4,058	6,152	Sale of Goods and Services	9	4,457	4,058
778	161	623	Investment Revenue	10	778	161
7,207	6,774	2,118	Grants and Contributions	11	220	0
523	294	835	Other Revenue	13	523	294
183,193	181,515	171,721	Total Revenue		183,193	181,515
(611)	0	(275)	Gain / (Loss) on Disposal	14	(611)	0
(56)	0	292	Other Gains / (Losses)	15	(56)	0
1,154	(2,527)	(2,002)	Net Result	28	1,154	(2,527)
Other Comprehensive Income						
Net Increase/(Decrease) in						
6,044	0	6,274	Asset Revaluation Surplus		6,044	6,274
6,044	0	6,274	Total Other Comprehensive Income		6,044	0
7,198	(2,527)	4,272	TOTAL COMPREHENSIVE INCOME		7,198	(2,527)

The accompanying notes form part of these financial statements.

Justice and Forensic Mental Health Network
Statement of Financial Position as at 30 June 2012

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual			Notes	Actual	Budget Unaudited	Actual		
2012	2012	2011				2012	2012	2011		
\$000	\$000	\$000				\$000	\$000	\$000		
ASSETS										
Current Assets										
23,539	15,855	18,328	Cash and Cash Equivalents		17	23,539	15,855	18,328		
3,349	2,371	2,040	Receivables		18	3,349	2,371	2,040		
210	294	294	Inventories		19	210	294	294		
27,098	18,520	20,662	Total Current Assets			27,098	18,520	20,662		
Non-Current Assets										
105,261	100,646	101,429	- Land and Buildings		20	105,261	100,646	101,429		
4,627	4,921	4,348	- Plant and Equipment		20	4,627	4,921	4,348		
0	0	0	- Infrastructure Systems		20	0	0	0		
109,888	105,567	105,777	Total Property, Plant and Equipment			109,888	105,567	105,777		
109,888	105,567	105,777	Total Non-Current Assets			109,888	105,567	105,777		
136,986	124,087	126,439	Total Assets			136,986	124,087	126,439		
LIABILITIES										
Current Liabilities										
14,066	12,046	11,426	Payables		21	14,066	12,046	11,426		
1,083	0	978	Borrowings		22	1,083	0	978		
16,945	16,441	15,855	Provisions		23	16,945	16,441	15,855		
659	100	100	Other		24	659	100	100		
32,753	28,587	28,359	Total Current Liabilities			32,753	28,587	28,359		
Non-Current Liabilities										
80,971	82,050	82,054	Borrowings		22	80,971	82,050	82,054		
86	0	48	Provisions		23	86	0	48		
81,057	82,050	82,102	Total Non-Current Liabilities			81,057	82,050	82,102		
113,810	110,637	110,461	Total Liabilities			113,810	110,637	110,461		
23,176	13,450	15,978	Net Assets			23,176	13,450	15,978		
EQUITY										
12,318	6,274	6,274	Reserves			12,318	6,274	6,274		
10,858	7,176	9,704	Accumulated Funds			10,858	7,176	9,704		
23,176	13,450	15,978	Total Equity			23,176	13,450	15,978		

The accompanying notes form part of these financial statements.

Justice and Forensic Mental Health Network
Statement of Changes in Equity for the year ended 30 June 2012

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2011		9,704	6,274	15,978
Net Result for the year		1,154	0	1,154
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		0	6,044	6,044
Total Other Comprehensive Income		0	6,044	6,044
Total Comprehensive Income for the year		1,154	6,044	7,198
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	31	0	0	0
Balance at 30 June 2012		10,858	12,318	23,176
Balance at 1 July 2010		(3,478)	0	(3,478)
Net Result for the year		(2,002)	0	(2,002)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		0	6,274	6,274
Total Other Comprehensive Income		0	6,274	6,274
Total Comprehensive Income for the year		(2,002)	6,274	4,272
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers		15,184	0	15,184
Balance at 30 June 2011		9,704	6,274	15,978

The accompanying notes form part of these financial statements.

Justice and Forensic Mental Health Network
Statement of Cash Flows for the year ended 30 June 2012

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2012	2012	2011		2012	2012	2011
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
				(130,622)	(139,152)	(120,808)
(956)	(946)	(924)	Employee Related			
(7,284)	(7,284)	(7,598)	Grants and Subsidies	(956)	(946)	(924)
(167,195)	(170,631)	(160,291)	Finance Costs	(7,284)	(7,284)	(7,598)
			Other	(36,572)	(31,479)	(39,483)
(175,435)	(178,861)	(168,813)	Total Payments	(175,435)	(178,861)	(168,813)
Receipts						
168,301	168,301	160,643	NSW Ministry of Health Recurrent Allocations	168,301	168,301	160,643
1,927	1,927	1,350	NSW Ministry of Health Capital Allocations	1,927	1,927	1,350
0	0	0	Cash Reimbursements from the Crown Entity	6,990	6,774	0
4,355	3,716	6,786	Sale of Goods and Services	4,355	3,716	6,786
778	161	623	Interest Received	778	161	623
7,210	6,774	2,112	Grants and Contributions	220	0	0
1,190	(562)	5,451	Other	1,190	(562)	7,563
183,761	180,317	176,965	Total Receipts	183,761	180,317	176,965
8,326	1,456	8,152	NET CASH FLOWS FROM OPERATING ACTIVITIES	8,326	1,456	8,152
CASH FLOWS FROM INVESTING ACTIVITIES						
84	0	627	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	84	0	627
(2,222)	(2,048)	(2,127)	Purchases of Land and Buildings, Plant and Equipment Infrastructure Systems and Intangibles	(2,222)	(2,048)	(2,127)
(2,138)	(2,048)	(1,500)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(2,138)	(2,048)	(1,500)
CASH FLOWS FROM FINANCING ACTIVITIES						
(977)	(982)	(884)	Repayment of Borrowings and Advances	(977)	(982)	(884)
(977)	(982)	(884)	NET CASH FLOWS FROM FINANCING ACTIVITIES	(977)	(982)	(884)
5,211	(1,574)	5,768	NET INCREASE / (DECREASE) IN CASH	5,211	(1,574)	5,768
18,328	17,429	12,560	Opening Cash and Cash Equivalents	18,328	17,429	12,560
23,539	15,855	18,328	CLOSING CASH AND CASH EQUIVALENTS	23,539	15,855	18,328

The accompanying notes form part of these financial statements.

Justice and Forensic Mental Health Network
Service Group Statements
for the Year Ended 30 June 2012

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
NETWORK EXPENSES AND INCOME																						
Expenses excluding losses																						
Operating Expenses																						
Employee Related	10,374	7,986	308	339	56,015	55,714	5,428	5,073	54,806	52,274	3,259	1,959	1,299	1,331	882	891						
Visiting Medical Officers	563	373	17	16	3,038	2,602	294	237	2,977	2,443	177	91	70	62	47	41						
Other Operating Expenses	2,361	1,889	70	80	12,750	13,470	1,235	1,200	12,461	12,061	741	463	297	615	202	212						
Depreciation and Amortisation	272	235	8	10	1,467	1,641	142	149	1,430	1,540	85	58	34	39	23	27						
Grants and Subsidies	75	65	2	3	405	452	39	41	396	424	24	16	9	11	6	8						
Finance Costs									7,284	7,598												
Total Expenses excluding losses	13,645	10,548	405	448	73,675	73,879	7,138	6,700	79,354	76,340	4,286	2,587	1,709	2,058	1,160	1,179						
Revenue																						
NSW Ministry of Health Recurrent Allocations ***																						
NSW Ministry of Health Capital Allocations ***																						
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities	551	135	18	6	2,981	936	287	85	2,853	878	172	33	73	23	52	17						
Sale of Goods and Services	349	420	10	19	1,886	2,707	183	284	1,845	2,526	110	98	44	70	30	48						
Investment Revenue	61	40	2	2	329	276	32	25	322	259	19	10	8	7	5	4						
Grants and Contributions	17		1		94	3	9		90	2	5		2		2	1						
Other Revenue	41	20	1		223	435	22	15	214	350	13	10	5	3	4	2						
Total Revenue	1,019	615	32	27	5,513	4,357	533	389	5,324	4,015	319	151	132	103	93	72	170,228	161,993	183,193	171,721		
Gain / (Loss) on Disposal		(17)		(1)	(611)	(122)		(11)	(56)	(114)		(4)		(3)		(3)						
Other Gains / (Losses)										292												
Net Result	12,626	9,950	373	422	68,773	69,644	6,605	6,322	74,086	72,147	3,967	2,440	1,577	1,958	1,067	1,110	(170,228)	(161,993)	(161,993)	1,154	(2,002)	
Other Comprehensive Income																						
Increase/(Decrease) in Asset Revaluation Reserve																						
Total Other Comprehensive Income	0	0	0	0	0	0	0	0	6,044	6,566	0	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	12,626	9,950	373	422	68,773	69,644	6,605	6,322	68,042	65,581	3,967	2,440	1,577	1,958	1,067	1,110	(170,228)	(161,993)	(161,993)	7,198	4,564	

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

* The purpose of each service group is summarised in Note 16.

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

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

The Service Group Statement uses historical financial data to 30 June 2012 to allocate the current period's financial information on Expenses and Income to each service group.

Justice and Forensic Mental Health Network
Service Group Statements (Continued)
for the Year Ended 30 June 2012

NETWORK 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 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																					
Current Assets																					
Cash and Cash Equivalents	1,843	1,166	54	49	9,949	8,132	965	740	9,764	7,626	580	286	229	194	155	135					23,539
Receivables	262	129	8	6	1,417	903	137	86	1,387	842	82	34	33	24	22	15					3,349
Inventories	17	19	1	1	90	130	9	12	84	122	5	5	2	3	2	2					210
Total Current Assets	2,122	1,314	63	56	11,456	9,165	1,111	838	11,235	8,590	667	325	264	221	179	152					27,098
Non-Current Assets																					
- Land and Buildings	720	955		41	839	6,662	600	607	103,102	92,887	(0)			159		108					105,261
- Plant and Equipment	328	277	70	12	3,715	1,929	170	176	81	1,809	183	68	50	46	30	31					4,627
Total Non-Current Assets	1,048	1,232	70	53	4,554	8,591	770	783	103,183	94,706	183	68	50	205	30	139					109,888
TOTAL ASSETS	3,170	2,546	133	109	16,010	17,756	1,881	1,621	114,418	103,296	850	393	314	426	209	281					136,986
LIABILITIES																					
Current Liabilities																					
Payables	1,102	726	33	31	5,950	5,068	577	465	5,826	4,748	346	182	138	123	93	83					14,066
Borrowings									1,083	978											1,083
Provisions	1,327	1,011	39	43	7,162	7,056	694	642	7,030	6,569	417	250	165	169	111	115					16,945
Other	51	6	1	1	277	44	27	4	277	(956)	16	979	6	2	4	1					659
Total Current Liabilities	2,480	1,743	73	74	13,389	12,168	1,298	1,111	14,216	11,359	779	1,411	309	294	208	199					32,753
Non-Current Liabilities																					
Borrowings									80,971	82,054											80,971
Provisions	7		0		36		4		35	48	2		1		1						86
Total Non-Current Liabilities	7		0		36		4		81,006	82,102	2		1		1						81,057
TOTAL LIABILITIES	2,487	1,743	73	74	13,425	12,168	1,302	1,111	95,222	93,461	781	1,411	310	294	209	199					113,810
NET ASSETS	683	803	60	35	2,585	5,588	579	510	19,196	9,835	69	(1,018)	4	132	0	92					23,176

* The name and purpose of each service group is summarised in Note 16
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(ab), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

1. The Reporting Entity

On 30 March 2012, Justice Health changed its name to Justice and Forensic Mental Health Network (the Network) as a result of the *Health Services (Justice and Forensic Mental Health Network) Order 2012*. Also as a result of this Order the Forensic Mental Health Network was amalgamated into the Network.

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

The Network controls the Justice and Forensic Mental Health Network Special Purpose Service Entity which was established as a Division of the Ministry of Health under the *Health Services Act 1997*. This Division provides personnel services to enable the Network 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 Network 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 3 October 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Network'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 Network'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(aa).

Notwithstanding the consolidated entity has a working capital deficiency of \$5.7 million and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the Network have been prepared on a going concern basis.

The Network 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 Network 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 Network 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.

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**

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 Network's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity. The Network 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'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Network as shown in Note 23.

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

The Network 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 21, '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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

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

Patient Fees

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

High Cost Drugs

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

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

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

Rental revenue is recognised in accordance with AASB117 Leases on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 Revenue when the Network'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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Use of Hospital Facilities

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

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

Use of Outside Facilities

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

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

Grants and Contributions

Grants and Contributions are generally recognised as revenues when the Network 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 Network 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 Network 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) Acquisition of Assets

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

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

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

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 Network are deemed to be controlled by the Network and are reflected as such in the financial statements.

g) Capitalisation Thresholds

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

h) 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 Network. 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	

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
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%

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

i) 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(n).

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 Network revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets was completed on 30 June 2012 and was based on an independent assessment.

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

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

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.

j) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Network 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.

k) Assets Not Able to be Reliably Measured

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

l) Restoration Costs

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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.

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

The Network 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.

n) 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 Network does not have any property that meets the definition of Investment Property.

o) 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.

p) Leased Assets

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

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

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

q) 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.

r) 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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

s) 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 Justice and Forensic Mental Health Network 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 Justice and Forensic Mental Health Network 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 Network 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'.

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 Network 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.

t) 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.

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.

u) 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 Network transfers the financial asset:

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

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

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

v) Payables

These amounts represent liabilities for goods and services provided to the Network 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 Network.

w) 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.

x) Equity Transfers

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 assets and liabilities were 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.

y) 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 Network's policy on the revaluation of property, plant and equipment as discussed in Note 2(f).

(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.

z) Trust Funds

The Network receives monies in a trustee capacity for various trusts as set out in Note 26.

As the Network 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.

aa) 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".

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

ab) 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 Network 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.

ac) 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 Network.

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 Network 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 Network.

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 Network.

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 Network.

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 Network.

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

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

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 Network.

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 Network.

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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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

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

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

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

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

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

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
3. Employee Related				
-	-	Salaries and Wages	84,095	82,035
-	-	Overtime	5,293	4,535
-	-	Penalties	8,059	7,597
-	-	Superannuation - Defined Benefit Plans	1,051	1,261
-	-	Superannuation - Defined Contribution Plans	9,003	8,438
-	-	Long Service Leave	6,558	3,333
-	-	Annual Leave	9,766	10,215
-	-	Sick Leave and Other Leave	5,082	4,875
-	-	Redundancies	260	3
-	-	Workers' Compensation Insurance	3,204	3,204
-	-	Fringe Benefits Tax	0	71
0	0		132,371	125,567
The following additional information is provided:				
-	-	Employee Related Expenses Capitalised - Land and Buildings	-	-
-	-	Employee Related Expenses Capitalised - Plant and Equipment	-	-
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
84,095	82,035	Salaries and Wages	-	-
5,293	4,535	Overtime	-	-
8,059	7,597	Penalties	-	-
1,051	1,261	Superannuation - Defined Benefit Plans	-	-
9,003	8,438	Superannuation - Defined Contribution Plans	-	-
6,558	3,333	Long Service Leave	-	-
9,766	10,215	Annual Leave	-	-
5,082	4,875	Sick Leave and Other Leave	-	-
260	3	Redundancies	-	-
3,204	3,204	Workers' Compensation Insurance	-	-
0	71	Fringe Benefits Tax	-	-
132,371	125,567		0	0
The following additional information is provided:				
-	-	Personnel Services Expenses Capitalised - Land and Buildings	-	-
-	-	Personnel Services Expenses Capitalised - Plant and Equipment	-	-
5. Other Operating Expenses				
262	232	Domestic Supplies and Services	262	232
9,599	9,589	Drug Supplies	9,599	9,589
453	412	Food Supplies	453	412
124	805	Fuel, Light and Power	124	805
10,734	10,074	General Expenses (See (a) below)	10,734	10,074
16	24	Hospital Ambulance Transport Costs	16	24
1,675	1,743	Information Management Expenses	1,675	1,743
194	238	Insurance	194	238
Maintenance (See (b) below)				
83	119	Maintenance Contracts	83	119
925	900	New/Replacement Equipment under \$10,000	925	900
16	54	Repairs Maintenance/Non Contract	16	54
415	626	Medical and Surgical Supplies	415	626
230	358	Motor Vehicle Expenses	230	358
379	354	Postal and Telephone Costs	379	354
734	855	Printing and Stationery	734	855
78	70	Rates and Charges	78	70
417	391	Rental	417	391
961	1,083	Special Service Departments	961	1,083
2,062	1,127	Staff Related Costs	2,062	1,127
(400)	(421)	Sundry Operating Expenses	(400)	(421)
1,160	1,358	Travel Related Costs	1,160	1,358
30,117	29,991		30,117	29,991

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT		CONSOLIDATION	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
(a) General Expenses include :-				
Advertising	267	183	267	183
Auditor's Remuneration - Audit of Financial Statements	164	40	164	40
Auditor's Remuneration - Other Services	148	111	148	111
Books, Magazines and Journals	61	50	61	50
Consultancies	0	2	0	2
- Capital Works	115	317	115	317
- Operating Activities	0	0	0	0
Contractors	506	458	506	458
Corporate Support Services	224	248	224	248
Courier and Freight	92	153	92	153
Data Recording and Storage	218	83	218	83
Legal Services	179	45	179	45
Membership/Professional Fees	8,083	7,739	8,083	7,739
Public Private Partnership	1	0	1	0
Other Operating Lease Expense - Minimum Lease Payments	22	19	22	19
Payroll Services	48	12	48	12
Quality Assurance/Accreditation	21	18	21	18
Security Services	0	0	0	0
Service Agreement Charges	0	0	0	0
Services Purchased from Health Reform Transition Organisations	55	68	55	68
Translator Services	528	528	528	528
Other	10,732	10,074	10,732	10,074
	<u>1,024</u>	<u>1,073</u>	<u>1,024</u>	<u>1,073</u>
(b) Reconciliation of Total Maintenance				
Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	1,024	1,073	1,024	1,073
Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	0	0	0	0
Total Maintenance Expenses included in Notes 3, 4 and 5	<u>1,024</u>	<u>1,073</u>	<u>1,024</u>	<u>1,073</u>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		6. Depreciation and Amortisation		
2,953	2,402	Depreciation - Buildings	2,953	2,402
414	0	Amortisation - Leased Buildings	414	0
94	1,297	Depreciation - Plant and Equipment	94	1,297
<u>3,461</u>	<u>3,699</u>		<u>3,461</u>	<u>3,699</u>
		7. Grants and Subsidies		
0	689	Non-Government Organisations	0	689
956	331	Other Grants	956	331
<u>956</u>	<u>1,020</u>		<u>956</u>	<u>1,020</u>
		8. Finance Costs		
7,284	7,598	Finance Lease Interest Charges	7,284	7,598
<u>7,284</u>	<u>7,598</u>	Total Finance Costs	<u>7,284</u>	<u>7,598</u>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
9. Sale of Goods and Services				
(a) Rendering of Services comprise the following:-				
		Patient Fees		
1,226	1,197	- Nursing Home Fees	1,226	1,197
100	54	Cafeteria/Kiosk	100	54
151	0	Clinical Services (excluding Clinical Drug Trials)	151	0
74	214	Fees for Medical Records	74	214
42	33	Information Retrieval	42	33
2,428	2,576	High Cost Drugs	2,428	2,576
0	1,297	Salary Packaging Fee	0	1,297
237	721	Services Provided to Non NSW Health Organisations	237	721
199	60	Other	199	60
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
4,457	6,152		4,457	6,152
<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
10. Investment Revenue				
778	623	Interest	778	623
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
778	623		778	623
<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
11. Grants and Contributions				
1,051	1,261	Personnel Services - Superannuation Defined Benefit Plans	0	0
5,936	851	Personnel Services - Long Service Leave	0	0
220	6	Other Grants	220	6
7,207	2,118		220	6
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
0	0	Superannuation-defined benefit	1,051	1,261
0	0	Long Service Leave	5,936	851
0	0		6,987	2,112
13. Other Revenue				
Other Revenue comprises the following:-				
2	1	Commissions	2	1
216	48	Conference and Training Fees	216	48
305	688	Treasury Managed Fund Hindsight Adjustment	305	688
0	98	Other	0	98
523	835		523	835

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
14. Gain / (Loss) on Disposal				
2,482	1,762	Property, Plant and Equipment	2,482	1,762
<u>1,787</u>	<u>860</u>	Less: Accumulated Depreciation	<u>1,787</u>	<u>860</u>
695	902	Written Down Value	695	902
<u>84</u>	<u>627</u>	Less: Proceeds from Disposal	<u>84</u>	<u>627</u>
<u>(611)</u>	<u>(275)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(611)</u>	<u>(275)</u>
15. Other Gains / (Losses)				
0	292	Property, Plant and Equipment Asset Revaluation Decrement	0	292
<u>(56)</u>	<u>0</u>	Impairment of Receivables	<u>(56)</u>	<u>0</u>
<u>(56)</u>	<u>292</u>		<u>(56)</u>	<u>292</u>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

16. Service Groups of the Network

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.2 - 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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT	2012	2011	2012	2011
	\$000	\$000	\$000	\$000	\$000
17. Cash and Cash Equivalents					
Cash at Bank and On Hand	14,539	18,328	14,539	18,328	18,328
Short Term Deposits	9,000	0	9,000	0	0
	23,539	18,328	23,539	18,328	18,328
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:					
Cash and Cash Equivalents (per Statement of Financial Position)	23,539	18,328	23,539	18,328	18,328
Bank Overdraft	0	0	0	0	0
	23,539	18,328	23,539	18,328	18,328

Refer to Note 32 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		18. Receivables		
		Current		
554	1,257	Sale of Goods and Services	554	1,257
550	116	Leave Mobility	550	116
197	203	Intra Health Receivables	197	203
1,161	352	Goods and Services Tax	1,161	352
<u>871</u>	<u>387</u>	Other Debtors	<u>871</u>	<u>387</u>
3,333	2,315	Sub Total	3,333	2,315
<u>(337)</u>	<u>(331)</u>	Less Allowance for Impairment	<u>(337)</u>	<u>(331)</u>
2,996	1,984	Sub Total	2,996	1,984
353	56	Prepayments	353	56
<u>3,349</u>	<u>2,040</u>		<u>3,349</u>	<u>2,040</u>
		(a) Movement in the Allowance for Impairment		
0	0	Balance at Commencement of Reporting Period	0	0
<u>(290)</u>	<u>0</u>	(Increase)/decrease in Allowance Recognised in	<u>(290)</u>	<u>0</u>
<u>(290)</u>	<u>0</u>	Result for the Year	<u>(290)</u>	<u>0</u>
		Balance at 30 June	<u>(290)</u>	<u>0</u>
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(331)	351	Balance at Commencement of Reporting Period	(331)	351
0	(155)	Amounts written off during the year	0	(155)
0	0	Amounts recovered during the year	0	0
<u>284</u>	<u>135</u>	(Increase)/decrease in Allowance Recognised in	<u>284</u>	<u>135</u>
<u>(47)</u>	<u>(331)</u>	Result for the Year	<u>(47)</u>	<u>(331)</u>
		Balance at 30 June	<u>(47)</u>	<u>(331)</u>
<u>(337)</u>	<u>(331)</u>		<u>(337)</u>	<u>(331)</u>
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
<u>293</u>	<u>288</u>	Patient Fees - Other	<u>293</u>	<u>288</u>
<u>293</u>	<u>288</u>		<u>293</u>	<u>288</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 32.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
19. Inventories - Current - Held for Distribution				
210	294	Drugs	210	294
<u>210</u>	<u>294</u>		<u>210</u>	<u>294</u>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
20. Property, Plant and Equipment				
Land and Buildings - Fair Value				
115,003	107,919	Gross Carrying Amount	115,003	107,919
9,742	6,490	Less Accumulated Depreciation and Impairment	9,742	6,490
105,261	101,429	Net Carrying Amount	105,261	101,429
Plant and Equipment - Fair Value				
6,951	8,250	Gross Carrying Amount	6,951	8,250
2,324	3,902	Less Accumulated Depreciation and Impairment	2,324	3,902
4,627	4,348	Net Carrying Amount	4,627	4,348
109,888	105,777	Total Property, Plant and Equipment At Net Carrying Amount	109,888	105,777

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

20. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Net Carrying Amount at Start of Year	6,140	95,289	94	0	4,254	105,777
Additions	0	0	1,430	252	541	2,223
Disposals	0	(345)	0	0	(350)	(695)
Net Revaluation Increment Less						
Revaluation Decrements Recognised in Reserves	8,359	(2,315)	0	0	0	6,044
Depreciation Expense	0	(2,953)	0	(414)	(94)	(3,461)
Reclassifications	0	(684)	0	1,931	(1,247)	0
Net Carrying Amount at End of Year	14,499	88,992	1,524	1,769	3,104	109,888

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2011						
Net Carrying Amount at Start of Reporting Period	5,848	91,505	0	0	4,429	101,782
Additions	0	0	94	0	1,936	2,030
Disposals	0	(88)	0	0	(814)	(902)
Net Revaluation Increment Less						
Revaluation Decrements Recognised in Reserves	292	6,274	0	0	0	6,566
Depreciation Expense	0	(2,402)	0	0	(1,297)	(3,699)
Reclassifications	0	0	0	0	0	0
Net Carrying Amount at End of Year	6,140	95,289	94	0	4,254	105,777

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the Network [see note 2(f)].
- (ii) Land and Buildings were valued by Department of Finance and Services, Kieran Newton (AAPI) on 30 June 2012 [see note 2(i)]. Kieran is not an employee of the Network.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		21. Payables		
		Current		
		Accrued Salaries, Wages and On-Costs	3,740	3,058
		Taxation and Payroll Deductions	219	241
3,959	3,299	Accrued Liability - Purchase of Personnel Services		
2,433	2,534	Creditors	2,433	2,534
		Other Creditors		
811	51	- Intra Health Liability	811	51
6,521	5,428	- Other	6,521	5,428
342	114	- Taxation	342	114
<u>14,066</u>	<u>11,426</u>		<u>14,066</u>	<u>11,426</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 32.

		22. Borrowings		
		Current		
1,083	978	PPP Finance Leases [see note 2(p)]	1,083	978
<u>1,083</u>	<u>978</u>		<u>1,083</u>	<u>978</u>
		Non-Current		
80,971	82,054	PPP Finance Leases [see note 2(p)]	80,971	82,054
<u>80,971</u>	<u>82,054</u>		<u>80,971</u>	<u>82,054</u>

No assets have been pledged as security/collateral for liabilities and there are no restrictions on any title to property.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 32.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
23. Provisions				
-	-	Annual Leave - Short Term Benefit	8,197	6,553
-	-	Annual Leave - Long Term Benefit	7,121	8,398
-	-	Long Service Leave On-Costs	1,627	904
16,945	15,855	Provision for Personnel Services Liability	-	-
<u>16,945</u>	<u>15,855</u>	Total Current Provisions	<u>16,945</u>	<u>15,855</u>
Non-Current Employee Benefits and Related On-Costs				
-	-	Long Service Leave - Conditional	86	48
86	48	Provision for Personnel Services Liability	-	-
<u>86</u>	<u>48</u>	Total Non-Current Provisions	<u>86</u>	<u>48</u>
Aggregate Employee Benefits and Related On-Costs				
16,945	15,855	Provisions - Current	16,945	15,855
86	48	Provisions - Non-Current	86	48
-	-	Accrued Salaries, Wages and On-Costs (Note 21)	3,959	3,058
3,959	3,058	Accrued Liability - Purchase of Personnel Services (Note 21)	-	-
<u>20,990</u>	<u>18,961</u>		<u>20,990</u>	<u>18,961</u>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
24. Other Liabilities				
659	100	Income in Advance	659	100
<u>659</u>	<u>100</u>		<u>659</u>	<u>100</u>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT		CONSOLIDATION
	2012	2011	2012
	\$000	\$000	\$000
25. Commitments for Expenditure			
(a) Operating Lease Commitments			
Commitments in relation to non-cancellable rental leases are payable as follows:			
Not later than one year	377	305	377
Later than one year and not later than five years	638	164	638
Later than five years	0	0	0
Total Operating Lease Commitments (Including GST)	1,015	469	1,015

The operating lease commitments above are for the leased properties.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT		CONSOLIDATION	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
25. Commitments for Expenditure (Continued)				
(b) Finance Lease Commitments PPP Liability				
Minimum lease payment commitments in relation to finance leases are payable as follows:				
Not later than one year	10,774	10,773	10,774	10,773
Later than one year and not later than five years	43,095	43,095	43,095	43,095
Later than five years	181,412	192,185	181,412	192,185
	235,281	246,053	235,281	246,053
Less: Future Finance Charges	145,022	154,719	145,022	154,719
	90,259	91,334	90,259	91,334
Present Value of Minimum Lease Payments (including GST)				
The present value of finance lease commitments is as follows:				
Not later than one year	1,190	1,076	1,190	1,076
Later than one year and not later than five years	6,166	5,574	6,166	5,574
Later than five years	82,903	84,684	82,903	84,684
	90,259	91,334	90,259	91,334
Present Value of Minimum Lease Payments (including GST)				
Classified as:				
(a) Current (Note 22)	1,083	978	1,083	978
(b) Non-Current (Note 22)	80,971	82,054	80,971	82,054
	82,054	83,032	82,054	83,032
Present Value of Minimum Lease Payments (excluding GST)				

(c) Contingent Asset Related to Commitments for Expenditure

The total of 'Commitments for Expenditure' above, i.e. \$91.3 million as at 30 June 2012 includes input tax credits of \$8.3 million that are expected to be recoverable from the Australian Taxation Office (2011 \$8.3M).

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

26. Trust Funds

The Network holds trust fund moneys of \$570K which are used for the safe keeping of patients' monies.

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

	Patient Trust			Total
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash Balance at the beginning of the financial year	473	1,037	473	1,037
Receipts	1,527	1,272	1,527	1,272
Expenditure	(1,430)	(1,836)	(1,430)	(1,836)
Cash Balance at the end of the financial year	570	473	570	473

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

27. 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 interim adjustment pertaining to the hospitals and community services now forming part of the Network will be paid in 2012/13. It is not possible for the Network to reliably quantify the benefit to be received. However the quantum has historically been favourable and 2011/12 it was \$305K.

b) Affiliated Health Organisations

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

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

c) The Network is in dispute with Intheshed Asset Management Pty Ltd over storage charges. The amount in dispute is \$356,757. The matter has been referred for expert determination pursuant to clauses 13 and 25 of the NSW State Contracts Control Board Deed of Agreement for Management of Surplus Equipment for the Department of Health (SCCBA).

d) The liability to pay PPP Solutions for the development of the Long Bay Forensic Hospital is based on a financing arrangement involving non-indexable availability charges and interest rate adjustments. Other service fees are to be indexed in accordance with inflation and wages escalation. The estimated value of the contingent liability associated with indexation and interest rate adjustment is unable to be fully determined because of uncertain future events.

e) The Network has no other contingent liabilities at 30 June 2012 (30 June 2011: \$Nil).

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT		CONSOLIDATION
	2012	2011	2012
	\$000	\$000	\$000
28. Reconciliation of Cash Flows from Operating Activities to Net Result			
	8,326	8,152	8,326
Net Cash Flows from Operating Activities	(3,461)	(3,699)	(3,461)
Depreciation	56	(155)	56
Allowance for Impairment	(559)	0	(559)
Income in advance	(1,128)	(3,542)	(1,128)
Increase in Provisions	1,170	(1,086)	1,170
Increase / (Decrease) in Prepayments and Other Assets	(2,639)	(1,689)	(2,639)
Increase/ (Decrease) in Creditors	0	(275)	0
Revaluation decrement	(611)	292	(611)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment			
	1,154	(2,002)	1,154
			(2,002)

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

29. 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 Network 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 Network.

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.

30. Budget Review - Parent and Consolidated

Net Result

The actual Net Result for the year was lower than budget by \$3.68M. This was predominately due to the Forensic Hospital available and occupied bed days having not risen as expected in the second half of 2011/12 and various cost saving and efficiency strategies implemented. Interest earned on higher bank balances also contributed to the favourable result.

Assets and Liabilities

Actual net assets for the year were higher than budgeted by \$9.7M was largely due to the net increment in the land and building revaluation of \$6.0M and improved cash reserve due to favourable result achieved for the year.

Cash Flows

Actual net cash flows from operating activities were higher than that budgeted by \$6.8M is mainly due to the favourable result achieved for the year.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2011 are as follows:

	\$000
Initial Allocation, 1 July 2011	155,046
Subsequent supplementations - Special Projects	1,315
Subsequent supplementations - General Fundings	12,588
Subsidy reconciliation	(648)
	<hr/>
Balance as per Statement of Comprehensive Income	<u>168,301</u>

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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

Amalgamation of the Forensic Mental Health Network into the Justice and Forensic Mental Health Network on 30 March 2012 has not changed the historical forensic mental health services that were provided by the former Justice Health.

There were no assets and liabilities that transferred from the former Forensic Mental Health Network to the new Justice and Forensic Mental Health Network as the Network never traded.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

32. Financial Instruments

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

The Network's main risks arising from financial instruments are outlined below, together with the Network'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 Network, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Committee/internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 17)	N/A	23,539	18,328
Receivables (note 18) ¹	Loans and receivables (at amortised cost)	1,835	1,962
Total Financial Assets		25,374	20,290
Financial Liabilities			
Borrowings (note 22)	measured at	82,054	83,032
Payables (note 21) ²	amortised cost	13,724	11,256
Total Financial Liabilities		95,778	94,288

Notes

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

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

(b) Credit Risk

Credit risk arises when there is the possibility of the Network's debtors defaulting on their contractual obligations, resulting in a financial loss to the Network. 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 Network, including cash, receivables and

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

authority deposits. No collateral is held by the Network. The Network has not granted any financial guarantees.

Credit risk associated with the Network'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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.23% in 2011/12 compared to 4.56% in the previous year.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Network 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 Network 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:\$387K; 2011: \$926K) and not more than 3 months past due (2012: \$561K; 2011:\$28K) are not considered impaired and together these represent 71% of the total trade debtors. In addition Patient Fees are at times not settled within 6 months of the date of the service provision due to the length of time it takes to reach agreement. Most of the Network' debtors are Corrective Services NSW and other Local Health Districts.

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.

	\$000		
2012	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
<3 months overdue	1,174	1,174	-
3 months - 6 months overdue	59	59	-
> 6 months overdue	336	-	336
2011			
<3 months overdue	926	926	-
3 months - 6 months overdue	60	-	60
> 6 months overdue	271	-	271

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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

(c) Liquidity Risk

Liquidity risk is the risk that the Network will be unable to meet its payment obligations when they fall due. The Network 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 Network 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 Network's exposure to liquidity risk is considered significant. However, the risk is minimised due to the mitigating circumstances disclosed in Note 2.

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

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

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

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

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions	N/A	3,740	-	-	3,740	3,740	-	-
Creditors	N/A	9,984	-	-	9,984	9,984	-	-
Borrowings:								
PPP Finance Leases	10.6	235,280	-	-	-	10,774	43,095	181,412
		<u>249,004</u>	<u>-</u>	<u>-</u>	<u>13,724</u>	<u>24,498</u>	<u>43,095</u>	<u>181,412</u>
2011								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions	N/A	3,058	-	-	3,058	3,058	-	-
Creditors	N/A	8,254	-	-	8,254	8,254	-	-
Borrowings:								
PPP Finance Leases	10.6	246,053	-	-	-	10,773	43,095	192,185
		<u>257,365</u>	<u>-</u>	<u>-</u>	<u>11,312</u>	<u>22,085</u>	<u>43,095</u>	<u>192,185</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 Network 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.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Network's exposures to market risk are primarily through interest rate risk on the Network's borrowings. The Networks 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 Network 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 as for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, Network 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 Network 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 Network's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2012					
Financial Assets					
Cash and Cash Equivalents	23,539	(235)	235	235	(235)
Receivables	1,835	-	-	-	-
Financial Liabilities					
Payables	13,724	-	-	-	-
Borrowings	82,054	-	-	-	-
2011					
Financial Assets					
Cash and Cash Equivalents	18,328	(183)	183	183	(183)
Receivables	1,962	-	-	-	-
Financial Liabilities					
Payables	11,256	-	-	-	-
Borrowings	83,032	-	-	-	-

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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.

Note 33. PPP Financial Disclosure

In 2006-07 a private sector company, PPP Solutions (Long Bay) Pty Limited, was engaged to finance, design, construct and maintain the Long Bay Forensic and Prison Hospitals at Long Bay under a Project Deed. The development was a joint project between the NSW Department of Health (now Ministry of Health) and the Department of Corrective Services. The new development was completed in December 2008.

After completion of construction, the Network operated and recognised the new Hospital, the Operations Building and the Pharmacy Building as an asset of \$86m. The basis for the accounting treatment is that services are being delivered by the Network for the duration of the term until May 2034.

In addition, the Network recognised the liability to PPP Solutions, payable over the period to 2034 for the construction of the new facilities.

Note 34 Events after the Reporting Period

There are no known post balance date events that have occurred between the financial reporting date and the date of this report that require adjustment to or disclosure in the financial statements.

END OF AUDITED FINANCIAL STATEMENTS

