



## 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 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows, 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 2013, and of its financial performance and its 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 the 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 the 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 has 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.



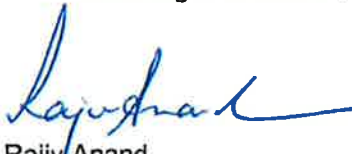
Renee Meimaroglou  
Director, Financial Audit Services

26 September 2013  
SYDNEY

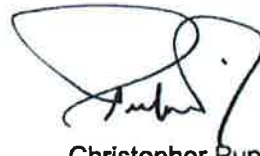
**Justice Health and Forensic Mental Health Network**  
**Certification of the Parent/Consolidated Financial Statements**  
**for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Justice Health and Forensic Mental Health Network for the year ended 30 June 2013 have been prepared in accordance
  - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
  - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
  - c) the Financial Reporting Code for NSW General Government Sector Entities.
  
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Justice Health and Forensic Mental Health Network; and
  
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Rajiv Anand  
**Acting Chief Executive**  
26 September 2013



Christopher Puplick  
Chair

26 September 2013

**Justice Health and Forensic Mental Health Network**  
**Statement of Comprehensive Income for the year ended 30 June 2013**

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000	
<b>Expenses excluding losses</b>							
<b>Operating Expenses</b>							
----	----	----	Employee Related	3	129,547	129,856	132,371
127,230	127,697	125,383	Personnel Services	4	----	----	----
6,916	7,723	7,183	Visiting Medical Officers		6,916	7,723	7,183
28,202	31,251	30,117	Other Operating Expenses	5	28,202	31,251	30,117
3,935	3,530	3,461	Depreciation and Amortisation	2(i), 6	3,935	3,530	3,461
514	447	956	Grants and Subsidies	7	514	447	956
5,991	5,961	7,284	Finance Costs	8	5,991	5,961	7,284
<b>172,788</b>	<b>176,609</b>	<b>174,384</b>	<b>Total Expenses excluding losses</b>		<b>175,105</b>	<b>178,768</b>	<b>181,372</b>
<b>Revenue</b>							
168,588	168,588	168,301	NSW Ministry of Health Recurrent Allocations	2(d)	168,588	168,588	168,301
2,959	3,212	1,927	NSW Ministry of Health Capital Allocations	2(d)	2,959	3,212	1,927
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	2,317	2,159	6,988
4,774	4,346	4,306	Sale of Goods and Services	9	4,774	4,346	4,306
1,093	190	778	Investment Revenue	10	1,093	190	778
477	----	371	Grants and Contributions	11	477	----	371
477	297	523	Other Revenue	13	477	297	523
<b>178,368</b>	<b>176,633</b>	<b>176,206</b>	<b>Total Revenue</b>		<b>180,685</b>	<b>178,792</b>	<b>183,194</b>
(91)	----	(611)	Gain / (Loss) on Disposal	14	(91)	----	(611)
(16)	----	(56)	Other Gains / (Losses)	15	(16)	----	(56)
<b>5,473</b>	<b>24</b>	<b>1,155</b>	<b>Net Result</b>	28	<b>5,473</b>	<b>24</b>	<b>1,155</b>
<b>Other Comprehensive Income</b>							
<b>Items that will not be reclassified to net result</b>							
<b>Net Increase/(Decrease) in Property, Plant &amp;</b>							
2,311	----	6,045	Equipment Asset Revaluation Surplus		2,311	----	6,045
<b>2,311</b>	<b>----</b>	<b>6,045</b>	<b>Total Other Comprehensive Income for the year</b>		<b>2,311</b>	<b>----</b>	<b>6,045</b>
<b>7,784</b>	<b>24</b>	<b>7,200</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>7,784</b>	<b>24</b>	<b>7,200</b>

The accompanying notes form part of these financial statements.

**Justice Health and Forensic Mental Health Network  
Statement of Financial Position as at 30 June 2013**

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual						Actual	Budget Unaudited	Actual
2013	2013	2012						2013	2013	2012
\$000	\$000	\$000						\$000	\$000	\$000
<b>ASSETS</b>										
<b>Current Assets</b>										
30,392	22,149	23,539	Cash and Cash Equivalents	17	30,392	22,149	23,539			
3,654	3,083	3,083	Receivables	18	3,654	3,083	3,083			
305	210	210	Inventories	19	305	210	210			
<u>34,351</u>	<u>25,442</u>	<u>26,832</u>						<u>34,351</u>	<u>25,442</u>	<u>26,832</u>
<b>34,351</b>	<b>25,442</b>	<b>26,832</b>	<b>Total Current Assets</b>		<b>34,351</b>	<b>25,442</b>	<b>26,832</b>			
<b>Non-Current Assets</b>										
Property, Plant and Equipment										
104,749	103,711	105,261	- Land and Buildings	20	104,749	103,711	105,261			
6,891	7,098	4,627	- Plant and Equipment	20	6,891	7,098	4,627			
<u>111,640</u>	<u>110,809</u>	<u>109,888</u>	Total Property, Plant and Equipment		<u>111,640</u>	<u>110,809</u>	<u>109,888</u>			
<b>111,640</b>	<b>110,809</b>	<b>109,888</b>	<b>Total Non-Current Assets</b>		<b>111,640</b>	<b>110,809</b>	<b>109,888</b>			
<u><b>145,991</b></u>	<u><b>136,251</b></u>	<u><b>136,720</b></u>	<b>Total Assets</b>		<u><b>145,991</b></u>	<u><b>136,251</b></u>	<u><b>136,720</b></u>			
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
15,977	14,089	13,800	Payables	21	15,977	14,089	13,800			
1,197	1,197	1,083	Borrowings	22	1,197	1,197	1,083			
17,178	16,973	16,945	Provisions	23	17,178	16,973	16,945			
545	659	659	Other	24	545	659	659			
<u>34,897</u>	<u>32,918</u>	<u>32,487</u>	<b>Total Current Liabilities</b>		<u>34,897</u>	<u>32,918</u>	<u>32,487</u>			
<b>Non-Current Liabilities</b>										
79,775	79,775	80,971	Borrowings	22	79,775	79,775	80,971			
84	84	86	Provisions	23	84	84	86			
<u><b>79,859</b></u>	<u><b>79,859</b></u>	<u><b>81,057</b></u>	<b>Total Non-Current Liabilities</b>		<u><b>79,859</b></u>	<u><b>79,859</b></u>	<u><b>81,057</b></u>			
<u><b>114,756</b></u>	<u><b>112,777</b></u>	<u><b>113,544</b></u>	<b>Total Liabilities</b>		<u><b>114,756</b></u>	<u><b>112,777</b></u>	<u><b>113,544</b></u>			
<u><b>31,235</b></u>	<u><b>23,474</b></u>	<u><b>23,176</b></u>	<b>Net Assets</b>		<u><b>31,235</b></u>	<u><b>23,474</b></u>	<u><b>23,176</b></u>			
<b>EQUITY</b>										
14,629	12,318	12,318	Reserves		14,629	12,318	12,318			
16,606	11,156	10,858	Accumulated Funds		16,606	11,156	10,858			
<u><b>31,235</b></u>	<u><b>23,474</b></u>	<u><b>23,176</b></u>	<b>Total Equity</b>		<u><b>31,235</b></u>	<u><b>23,474</b></u>	<u><b>23,176</b></u>			

The accompanying notes form part of these financial statements.

**Justice Health and Forensic Mental Health Network**  
**Statement of Changes in Equity for the year ended 30 June 2013**

**PARENT AND CONSOLIDATION**

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
<b>Balance at 1 July 2012</b>		10,858	12,318	23,176
<b>Total Equity at 1 July 2012</b>		<b>10,858</b>	<b>12,318</b>	<b>23,176</b>
<b>Net Result for the year</b>		5,473		5,473
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	2,311	2,311
<b>Total Other Comprehensive Income</b>		-----	<b>2,311</b>	<b>2,311</b>
<b>Total Comprehensive Income for the year</b>		<b>5,473</b>	<b>2,311</b>	<b>7,784</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	31	275	-----	275
<b>Balance at 30 June 2013</b>		<b>16,606</b>	<b>14,629</b>	<b>31,235</b>
<b>Balance at 1 July 2011</b>		9,703	6,273	15,976
<b>Total Equity at 1 July 2011</b>		<b>9,703</b>	<b>6,273</b>	<b>15,976</b>
<b>Net Result for the year</b>		1,155		1,155
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	6,045	6,045
<b>Total Other Comprehensive Income</b>		-----	<b>6,045</b>	<b>6,045</b>
<b>Total Comprehensive Income for the year</b>		<b>1,155</b>	<b>6,045</b>	<b>7,200</b>
<b>Balance at 30 June 2012</b>		<b>10,858</b>	<b>12,318</b>	<b>23,176</b>

The accompanying notes form part of these financial statements.

**Justice Health and Forensic Mental Health Network**  
**Statement of Cash Flows for the year ended 30 June 2013**

PARENT			CONSOLIDATION			
Actual	Budget	Actual	Notes	Actual	Budget	Actual
2013	2013	2012		2013	2013	2012
\$000	Unaudited \$000	\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Payments						
-----	-----	---	Employee Related	(128,577)	(129,173)	(130,622)
(578)	(511)	(956)	Grants and Subsidies	(578)	(511)	(956)
(5,991)	(5,961)	(7,284)	Finance Costs	(5,991)	(5,961)	(7,284)
(165,656)	(172,309)	(167,195)	Other	(37,079)	(43,136)	(36,573)
<u>(172,225)</u>	<u>(178,781)</u>	<u>(175,435)</u>	<b>Total Payments</b>	<u>(172,225)</u>	<u>(178,781)</u>	<u>(175,435)</u>
Receipts						
168,588	168,587	168,301	NSW Ministry of Health Recurrent Allocations	168,588	168,587	168,301
2,959	3,213	1,927	NSW Ministry of Health Capital Allocations	2,959	3,213	1,927
1,629	1,629	6,990	Reimbursements from the Crown Entity	1,629	1,629	6,990
4,883	4,671	4,355	Sale of Goods and Services	4,883	4,671	4,355
1,093	190	778	Interest Received	1,093	190	778
477	-----	220	Grants and Contributions	477	-----	220
3,782	4,634	1,190	Other	3,782	4,634	1,190
<u>183,411</u>	<u>182,924</u>	<u>183,761</u>	<b>Total Receipts</b>	<u>183,411</u>	<u>182,924</u>	<u>183,761</u>
<u><b>11,186</b></u>	<u><b>4,143</b></u>	<u><b>8,326</b></u>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>11,186</b></u>	<u><b>4,143</b></u>	<u><b>8,326</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
143	-----	84	Proceeds from Sale of Land and Buildings, Plant and Equipment	143	-----	84
(3,394)	(4,451)	(2,222)	Purchases of Land and Buildings, Plant and Equipment	(3,394)	(4,451)	(2,222)
<u>(3,251)</u>	<u>(4,451)</u>	<u>(2,138)</u>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(3,251)</u>	<u>(4,451)</u>	<u>(2,138)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
-----	-----	-----	Proceeds from Borrowings and Advances	-----	-----	-----
(1,082)	(1,082)	(977)	Repayment of Borrowings and Advances	(1,082)	(1,082)	(977)
<u>(1,082)</u>	<u>(1,082)</u>	<u>(977)</u>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>(1,082)</u>	<u>(1,082)</u>	<u>(977)</u>
6,853	(1,390)	5,211	<b>NET INCREASE / (DECREASE) IN CASH</b>	6,853	(1,390)	5,211
23,539	23,539	18,328	Opening Cash and Cash Equivalents	23,539	23,539	18,328
<u><b>30,392</b></u>	<u><b>22,149</b></u>	<u><b>23,539</b></u>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u><b>30,392</b></u>	<u><b>22,149</b></u>	<u><b>23,539</b></u>

The accompanying notes form part of these financial statements.

Justice Health and Forensic Mental Health Network  
Service Group Statements  
for the year ended 30 June 2013

NETWORK EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.2 * 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			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Expenses excluding losses	1,943	2,171	259	331	57,648	64,346	5,622	6,327	58,478	54,418	3,420	2,568	1,257	1,258	655	953					129,547	132,371
Operating Expenses	104	118	14	18	3,078	3,492	300	343	3,122	2,953	183	139	67	68	46	52					6,916	7,183
Employee Related	423	484	56	75	12,550	14,640	1,224	1,440	12,730	12,381	745	584	274	286	186	217					28,202	30,117
Visiting Medical Officers	59	57	8	9	1,751	1,682	171	165	1,776	1,423	104	67	38	33	26	25					3,935	3,461
Other Operating Expenses	8	16	1	2	229	485	22	46	232	393	14	19	5	9	3	7					514	956
Depreciation and Amortisation									5,991	7,284											5,991	7,284
Grants and Subsidies																						
Finance Costs																						
<b>Total Expenses excluding losses</b>	<b>2,537</b>	<b>2,856</b>	<b>338</b>	<b>435</b>	<b>75,256</b>	<b>84,625</b>	<b>7,339</b>	<b>8,321</b>	<b>82,329</b>	<b>78,852</b>	<b>4,466</b>	<b>3,377</b>	<b>1,641</b>	<b>1,654</b>	<b>1,116</b>	<b>1,254</b>					<b>175,105</b>	<b>181,372</b>
Revenue																						
NSW Ministry of Health Recurrent Allocations **																					168,588	168,301
NSW Ministry of Health Capital Allocations **																					2,959	1,927
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities	35	115	5	17	1,031	3,397	101	334	1,046	2,873	61	136	22	66	15	50					2,317	6,988
Sale of Goods and Services	72	71	10	11	2,124	2,093	207	206	2,155	1,770	126	84	46	41	32	31					4,774	4,306
Investment Revenue	16	13	2	2	486	378	47	37	493	320	29	15	11	7	7	6					1,093	778
Grants and Contributions	7	6	1	1	212	180	21	18	215	153	13	7	5	4	3	3					477	371
Other Revenue	7	9	1	1	212	254	21	25	215	215	13	10	5	5	3	4					477	523
<b>Total Revenue</b>	<b>137</b>	<b>214</b>	<b>19</b>	<b>32</b>	<b>4,065</b>	<b>6,302</b>	<b>397</b>	<b>620</b>	<b>4,124</b>	<b>5,331</b>	<b>242</b>	<b>252</b>	<b>89</b>	<b>123</b>	<b>60</b>	<b>94</b>					<b>171,547</b>	<b>180,685</b>
Gain / (Loss) on Disposal	(1)	(10)		(2)	(40)	(297)	(4)	(29)	(41)	(251)	(2)	(12)	(1)	(6)	(1)	(4)					(91)	(611)
Other Gains / (Losses)									(16)	(56)											(16)	(56)
<b>Net Result</b>	<b>(2,401)</b>	<b>(2,652)</b>	<b>(319)</b>	<b>(405)</b>	<b>(71,231)</b>	<b>(78,620)</b>	<b>(6,946)</b>	<b>(7,730)</b>	<b>(78,262)</b>	<b>(73,828)</b>	<b>(4,226)</b>	<b>(3,137)</b>	<b>(1,553)</b>	<b>(1,537)</b>	<b>(1,057)</b>	<b>(1,164)</b>					<b>170,228</b>	<b>183,194</b>
<b>Other Comprehensive Income</b>																						
Increase/(Decrease) in Revaluation Surplus																						
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,311</b>	<b>6,045</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>					<b>2,311</b>	<b>6,045</b>
<b>Total Comprehensive Income</b>	<b>(2,401)</b>	<b>(2,652)</b>	<b>(319)</b>	<b>(405)</b>	<b>(71,231)</b>	<b>(78,620)</b>	<b>(6,946)</b>	<b>(7,730)</b>	<b>(75,951)</b>	<b>(67,783)</b>	<b>(4,226)</b>	<b>(3,137)</b>	<b>(1,553)</b>	<b>(1,537)</b>	<b>(1,057)</b>	<b>(1,164)</b>					<b>171,547</b>	<b>170,228</b>
																					<b>7,784</b>	<b>7,200</b>

Service Group Statements focus on the key measures of service delivery performance, refer note 2z)

\* The name and purpose of each service group is summarised in Note 16

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



Justice Health and Forensic Mental Health Network  
Service Group Statements (Continued)  
for the year ended 30 June 2013

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			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>ASSETS</b>																						
Current Assets																						
Cash and Cash Equivalents	456	386	61	59	13,524	11,442	1,319	1,125	13,719	9,677	802	457	295	224	201	169				30,392	23,539	
Receivables	55	51	7	8	1,626	1,499	159	147	1,649	1,267	96	60	35	29	24	22				3,654	3,063	
Inventories	5	3	1	1	136	102	13	10	138	86	8	4	3	2	2	2				305	210	
<b>Total Current Assets</b>	<b>516</b>	<b>440</b>	<b>69</b>	<b>68</b>	<b>15,286</b>	<b>13,043</b>	<b>1,491</b>	<b>1,282</b>	<b>15,506</b>	<b>11,030</b>	<b>906</b>	<b>521</b>	<b>333</b>	<b>255</b>	<b>227</b>	<b>193</b>				<b>34,351</b>	<b>26,832</b>	
Non-Current Assets																						
Property, Plant and Equipment																						
- Land and Buildings	733	737			838	842	524	526	102,654	103,156											104,749	105,261
- Plant and Equipment	488	329	103	69	5,533	3,715	255	171	124	83	269	180	76	51	41	28					6,891	4,627
<b>Total Non-Current Assets</b>	<b>1,222</b>	<b>1,066</b>	<b>103</b>	<b>69</b>	<b>6,371</b>	<b>4,557</b>	<b>779</b>	<b>697</b>	<b>102,778</b>	<b>103,239</b>	<b>269</b>	<b>180</b>	<b>76</b>	<b>51</b>	<b>41</b>	<b>28</b>				<b>111,640</b>	<b>109,888</b>	
<b>TOTAL ASSETS</b>	<b>1,738</b>	<b>1,506</b>	<b>172</b>	<b>137</b>	<b>21,657</b>	<b>17,600</b>	<b>2,270</b>	<b>1,979</b>	<b>118,284</b>	<b>114,269</b>	<b>1,175</b>	<b>701</b>	<b>409</b>	<b>306</b>	<b>268</b>	<b>221</b>				<b>145,991</b>	<b>136,720</b>	
<b>LIABILITIES</b>																						
Current Liabilities																						
Payables	240	226	32	35	7,110	6,708	693	660	7,212	5,673	422	268	155	131	105	99					15,977	13,800
Borrowings									1,197	1,063											1,197	1,063
Provisions	258	278	34	42	7,644	8,237	746	810	7,754	6,966	453	329	167	161	113	122					17,178	16,945
Other	8	11	1	2	243	320	24	32	246	271	14	13	5	6	4	5					545	659
<b>Total Current Liabilities</b>	<b>506</b>	<b>515</b>	<b>67</b>	<b>79</b>	<b>14,997</b>	<b>15,265</b>	<b>1,463</b>	<b>1,502</b>	<b>16,409</b>	<b>13,953</b>	<b>889</b>	<b>610</b>	<b>327</b>	<b>298</b>	<b>222</b>	<b>226</b>					<b>34,897</b>	<b>32,487</b>
Non-Current Liabilities																						
Borrowings									79,775	80,971											79,775	80,971
Provisions	1	1			37	42	4	4	38	35	2	2	1	1	1	1					84	86
<b>Total Non-Current Liabilities</b>	<b>1</b>	<b>1</b>			<b>37</b>	<b>42</b>	<b>4</b>	<b>4</b>	<b>79,813</b>	<b>81,006</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>					<b>79,859</b>	<b>81,057</b>
<b>TOTAL LIABILITIES</b>	<b>507</b>	<b>516</b>	<b>67</b>	<b>79</b>	<b>15,034</b>	<b>15,307</b>	<b>1,467</b>	<b>1,506</b>	<b>96,222</b>	<b>94,999</b>	<b>891</b>	<b>612</b>	<b>328</b>	<b>299</b>	<b>223</b>	<b>227</b>					<b>114,756</b>	<b>113,544</b>
<b>NET ASSETS</b>	<b>1,231</b>	<b>990</b>	<b>105</b>	<b>58</b>	<b>6,623</b>	<b>2,293</b>	<b>803</b>	<b>473</b>	<b>22,062</b>	<b>19,270</b>	<b>284</b>	<b>69</b>	<b>81</b>	<b>7</b>	<b>45</b>	<b>(5)</b>				<b>31,235</b>	<b>23,176</b>	

\* 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(z), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

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## 1. The Reporting Entity

The Justice Health and Forensic Mental Health Network (the Network) was established under the provisions of the Health Services Act 1997 with effect from 30 March 2012.

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

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

The Network controls the Justice Health and Forensic Mental Health Network Special Purpose Service Entity which was established as a Division of the Government Service on 30 March 2012 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the 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 entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Acting Chief Executive on 26 September 2013.

## 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' Directions. 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(y).

Notwithstanding the consolidated entity has a working capital deficiency of \$.5m (2012 deficiency of \$5.7m) 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 Director General of Health, the Chair of Justice Health and Forensic Mental Health Network Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The service agreement sets out the level of financial resources for public health services under the Network's control and the source of these funds. By agreement, the service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Network fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management

Other mitigating circumstances why the going concern is appropriate include:

- \* Appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and
- \* 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. Benefits from the EIP are retained by the Network 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 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.

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

**Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period is a twelve month period.

**Statement of Compliance**

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

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

**a) Employee Benefits and Other Provisions**

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

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

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

On-costs of 14.9% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were 17.0%).

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. 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 and other liabilities'.

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 AASB 119, 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 factors were determined based on an actuarial review to 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.

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 in the Treasurer's Directions. 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.

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**iii) Other Provisions**

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

**b) Insurance**

The Network's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. 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 entities.

**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. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

*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. Revenue is recognised when the drugs have been provided to the patient.

*Investment Revenue*

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

*Debt Forgiveness*

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

*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.

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*NSW Ministry of Health Allocations*

Payments are made by the NSW Ministry of Health on the basis of the allocation for the 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 requirements of other Australian Accounting Standards.

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

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 and intangibles 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	
- 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%

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Office Equipment	10.0%
Plant and Machinery	10.0%
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 AASB 116, Property, Plant and Equipment and AASB 140, Investment Property.

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 at minimum every three years by independent valuation. The last revaluation for assets assumed by the Network was completed in the 30 June 2012 financial year and was based on an independent assessment.

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

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

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

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 revaluation surplus, 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, 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 revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

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.

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

**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**

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) 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.

**n) 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.

**o) 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.

**p) 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.

**q) 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 Network determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

\* Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Network has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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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.

**r) 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.

**s) 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.

**t) 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.

**u) 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.

**v) Equity Transfers**

The transfer of net assets between entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities 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 AASB 1004, Contributions and Australian Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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



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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 entity does not recognise that asset.

**w) Equity and Reserves**

**(i) Revaluation Surplus**

The 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(i).

**(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.

**x) 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 Network's own objectives, they are not brought to account in the financial statements.

**y) Budgeted Amounts**

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

**z) Service Group Statements Allocation Methodology**

The Ministry of Health, in conjunction with all health entities, undertook an analysis of service group statements to ensure that the National Health Funding reforms definitions are consistently applied to 2011/12 and 2012/13 financial statements. Using the statistical data for twelve months ending 30 June 2012, new percentages were derived which resulted in variances in several service groups for the 2011/12 comparative year, which have been restated.

The data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2012/13 year. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires the 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.

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

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

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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 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions 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 2013/14 financial statements will be dependent on the policy of NSW Treasury.

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 policy of NSW Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters, has mandatory application from 1 July 2013 and, based on current activities, 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 policy of NSW 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 of 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 exemption is not expected to have a material impact.

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. For not-for-profits, the changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

AASB 2011-11, Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements, applicable from 1 July 2013 assessed as having no material impact.

The following changes will depend on the policies determined by NSW Treasury.

AASB 2012-1, Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements. Sets out reduced disclosure requirements as a consequence of the issuance of AASB 13, having application from 1 July 2013.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2012-4, Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards'). Applicable to reporting periods on or after 1 January 2013.

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AASB 2012-5 regarding annual improvements 2009 to 2011 cycle applicable to reporting periods on or after 1 January 2013.

AASB 2012-7, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Applicable to reporting periods on or after 1 July 2013.

AASB 2012-9, Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-10, Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-11, Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments, having application from 1 July 2013.

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements, having application from 1 July 2014.

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
----	---	Salaries and Wages	83,908	84,095
----	---	Overtime	5,430	5,293
----	---	Penalties	8,302	8,059
----	---	Superannuation - Defined Benefit Plans	987	1,051
----	----	Superannuation - Defined Contribution Plans	8,989	9,003
----	---	Long Service Leave	1,334	6,558
----	---	Annual Leave	10,646	9,766
----	---	Sick Leave and Other Leave	5,392	5,082
----	---	Redundancies	634	260
----	---	Workers' Compensation Insurance	3,925	3,204
-----	-----		<u>129,547</u>	<u>132,371</u>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
83,908	84,095	Salaries and Wages	----	----
5,430	5,293	Overtime	----	----
8,302	8,059	Penalties	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
8,989	9,003	Superannuation - Defined Contribution Plans	----	----
4	621	Long Service Leave	----	----
10,646	9,766	Annual Leave	----	----
5,392	5,082	Sick Leave and Other Leave	----	----
634	260	Redundancies	----	----
3,925	3,204	Workers' Compensation Insurance	----	----
-----	-----		-----	-----
<u>127,230</u>	<u>125,383</u>		<u>-----</u>	<u>-----</u>
<b>5. Other Operating Expenses</b>				
303	262	Domestic Supplies and Services	303	262
7,033	9,599	Drug Supplies	7,033	9,599
550	453	Food Supplies	550	453
38	124	Fuel, Light and Power	38	124
10,508	10,734	General Expenses (See (a) below)	10,508	10,734
6	16	Hospital Ambulance Transport Costs	6	16
1,881	1,675	Information Management Expenses	1,881	1,675
173	194	Insurance	173	194
Maintenance (See (b) below)				
228	83	Maintenance Contracts	228	83
1,734	925	New/Replacement Equipment under \$10,000	1,734	925
15	16	Repairs Maintenance/Non Contract	15	16
515	415	Medical and Surgical Supplies	515	415
257	230	Motor Vehicle Expenses	257	230
339	379	Postal and Telephone Costs	339	379
736	734	Printing and Stationery	736	734
32	78	Rates and Charges	32	78
464	417	Rental	464	417
886	961	Special Service Departments	886	961
1,469	2,062	Staff Related Costs	1,469	2,062
1,034	760	Travel Related Costs	1,034	760
-----	-----		<u>28,202</u>	<u>30,117</u>

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>(a) General Expenses include :-</b>		
77	267	Advertising	77	267
119	164	Auditor's Remuneration - External Audit	119	164
28	61	Books, Magazines and Journals	28	61
		Consultancies		
		- Operating Activities	117	115
117	115	Corporate Support Services	515	506
515	506	Courier and Freight	219	224
219	224	Data Recording and Storage	72	92
72	92	Legal Services	117	218
117	218	Membership/Professional Fees	62	179
62	179	Public Private Partnership	8,144	8,083
8,144	8,083	Payroll Services	20	22
20	22	Quality Assurance/Accreditation	138	48
138	48	Security Services	29	21
29	21	Translator Services	117	55
117	55	Other	734	676
734	676			
<u>10,508</u>	<u>10,732</u>		<u>10,508</u>	<u>10,732</u>
		<b>(b) Reconciliation of Total Maintenance</b>		
		Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	1,977	1,024
1,977	1,024			
<u>1,977</u>	<u>1,024</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>1,977</u>	<u>1,024</u>

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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
2,475	2,953	Depreciation - Buildings	2,475	2,953
752	414	Amortisation - Leased Buildings	752	414
708	94	Depreciation - Plant and Equipment	708	94
<u>3,935</u>	<u>3,461</u>		<u>3,935</u>	<u>3,461</u>
<b>7. Grants and Subsidies</b>				
67	-----	Grants to Research Orgs	67	-----
447	956	Other Grants	447	956
<u>514</u>	<u>956</u>		<u>514</u>	<u>956</u>
<b>8. Finance Costs</b>				
5,991	7,284	Finance Lease Interest Charges	5,991	7,284
<u>5,991</u>	<u>7,284</u>	Total Finance Costs	<u>5,991</u>	<u>7,284</u>

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>9. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
		Patient Fees [see note 2(d)]		
1,928	1,226	- Inpatient Fees	1,928	1,226
91	100	Cafeteria/Kiosk	91	100
(17)	74	Fees for Medical Records	(17)	74
48	42	Information Retrieval	48	42
2,414	2,428	High Cost Drugs	2,414	2,428
52	53	Private Use of Motor Vehicles	52	53
154	237	Services Provided to Non NSW Health Organisations	154	237
104	146	Other	104	146
<u>4,774</u>	<u>4,306</u>		<u>4,774</u>	<u>4,306</u>
<b>10. Investment Revenue</b>				
		Interest		
1,093	778	- Other	1,093	778
<u>1,093</u>	<u>778</u>		<u>1,093</u>	<u>778</u>

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>11. Grants and Contributions</b>				
477	371	Other Grants	477	371
477	371		477	371
 <b>12. Acceptance by the Crown Entity of employee benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	987	1,051
----	----	Long Service Leave	1,330	5,936
-----	-----		2,317	6,987
 <b>13. Other Revenue</b>				
Other Revenue comprises the following:-				
1	2	Commissions	1	2
343	216	Conference and Training Fees	343	216
33	305	Treasury Managed Fund Hindsight Adjustment	33	305
100	----	Other	100	----
477	523		477	523



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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>14. Gain / (Loss) on Disposal</b>				
685	2,482	Property, Plant and Equipment	685	2,482
449	1,787	Less: Accumulated Depreciation	449	1,787
<hr/>				
<b>236</b>	<b>695</b>	<b>Written Down Value</b>	<b>236</b>	<b>695</b>
145	84	Less: Proceeds from Disposal	145	84
<hr/>				
<b>(91)</b>	<b>(611)</b>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<b>(91)</b>	<b>(611)</b>
<hr/>				
<b>(91)</b>	<b>(611)</b>	<b>Total Gain/(Loss) on Disposal</b>	<b>(91)</b>	<b>(611)</b>
<hr/>				
<b>15. Other Gains / (Losses)</b>				
216	----	Property, Plant and Equipment Asset Revaluation Increment/Decrement	216	----
(232)	(56)	Impairment of Receivables	(232)	(56)
<hr/>				
<b>(16)</b>	<b>(56)</b>		<b>(16)</b>	<b>(56)</b>
<hr/>				

Justice Health and Forensic Mental Health Network  
Notes to and forming part of the Financial Statements  
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**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 program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that 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 hospitals, including elective surgery and maternity services.

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

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned 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 illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

Justice Health and Forensic Mental Health Network  
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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 Health and Forensic Mental Health Network  
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	PARENT		CONSOLIDATION	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>17. Cash and Cash Equivalents</b>				
Cash at Bank and On Hand	6,003	14,539	6,003	14,539
Short Term Deposits	24,389	9,000	24,389	9,000
	<b>30,392</b>	<b>23,539</b>	<b>30,392</b>	<b>23,539</b>
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
Cash and Cash Equivalents (per Statement of Financial Position)	30,392	23,539	30,392	23,539
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b>30,392</b>	<b>23,539</b>	<b>30,392</b>	<b>23,539</b>

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

Justice Health and Forensic Mental Health Network  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>18. Receivables</b>		
		<b>Current</b>		
1,315	554	Sale of Goods and Services	1,315	554
448	629	Intra Health Receivables	448	629
675	896	Goods and Services Tax	675	896
<u>1,544</u>	<u>988</u>	Other Debtors	<u>1,544</u>	<u>988</u>
3,982	3,067	<b>Sub Total</b>	3,982	3,067
<u>(502)</u>	<u>(337)</u>	Less Allowance for Impairment	<u>(502)</u>	<u>(337)</u>
3,480	2,730	<b>Sub Total</b>	3,480	2,730
174	353	Prepayments	174	353
<u><b>3,654</b></u>	<u><b>3,083</b></u>		<u><b>3,654</b></u>	<u><b>3,083</b></u>
		(a) Movement in the Allowance for Impairment		
----	----	Sale of Goods and Services		
(290)	----	Balance at Commencement of Reporting Period	(290)	----
19	(290)	Amounts written off during the year	19	(290)
----	----	Amounts recovered during the year	----	----
(232)	----	(Increase)/decrease in Allowance Recognised in	(232)	----
<u>(502)</u>	<u>(290)</u>	Result for the Year	<u>(502)</u>	<u>(290)</u>
		Balance at 30 June		
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(47)	(331)	Balance at Commencement of Reporting Period	(47)	(331)
47	----	Amounts written off during the year	47	----
----	284	(Increase)/decrease in Allowance Recognised in	----	284
<u>----</u>	<u>(47)</u>	Result for the Year	<u>----</u>	<u>(47)</u>
<u><b>(502)</b></u>	<u><b>(337)</b></u>	Balance at 30 June	<u><b>(502)</b></u>	<u><b>(337)</b></u>
		(c) Patient Fee Receivables		
		(Current and Non-Current) include:		
792	293	Patient Fees - Other	792	293
<u><b>792</b></u>	<u><b>293</b></u>		<u><b>792</b></u>	<u><b>293</b></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.*

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PARENT

CONSOLIDATION

2013  
\$000

2012  
\$000

2013  
\$000

2012  
\$000

19. Inventories - Current - Held for Distribution

305

210

Drugs

305

210

**305**

**210**

**305**

**210**

Justice Health and Forensic Mental Health Network  
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>20. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
117,329	115,003	Gross Carrying Amount	117,329	115,003
12,580	9,742	Less: Accumulated Depreciation and Impairment	12,580	9,742
<u>104,749</u>	<u>105,261</u>	Net Carrying Amount	<u>104,749</u>	<u>105,261</u>
<b>Plant and Equipment - Fair Value</b>				
9,468	6,951	Gross Carrying Amount	9,468	6,951
2,577	2,324	Less: Accumulated Depreciation and Impairment	2,577	2,324
<u>6,891</u>	<u>4,627</u>	Net Carrying Amount	<u>6,891</u>	<u>4,627</u>
<u>111,640</u>	<u>109,888</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>111,640</u>	<u>109,888</u>

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**PARENT & CONSOLIDATION**

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

	Land	Buildings	Work in Progress	Leasehold Improvement	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2013</b>						
Net Carrying Amount at Start of Year	14,500	88,992	----	1,769	4,627	109,888
Additions	----	----	----	222	3,192	3,414
Disposals	----	----	----	----	(235)	(235)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----	----
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	2,545	----	----	(18)	2,527
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----
Depreciation Expense	----	(2,476)	----	(753)	(707)	(3,936)
Reclassifications	----	(1,183)	----	1,133	32	(18)
<b>Net Carrying Amount at End of Year</b>	<b>14,500</b>	<b>87,878</b>	<b>0</b>	<b>2,371</b>	<b>6,891</b>	<b>111,640</b>

	Land	Buildings	Work in Progress	Leasehold Improvement	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>						
Net Carrying Amount at Start of Year	6,141	95,288	----	----	4,348	105,777
Additions	----	----	----	253	1,970	2,223
Disposals	----	(345)	----	----	(350)	(695)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----	----
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	8,359	(2,315)	----	----	----	6,044
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----
Depreciation Expense	----	(2,953)	----	(414)	(94)	(3,461)
Reclassifications	----	(684)	----	1,931	(1,247)	----
<b>Net Carrying Amount at End of Year</b>	<b>14,500</b>	<b>88,991</b>	<b>0</b>	<b>1,770</b>	<b>4,627</b>	<b>109,888</b>

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

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

Year	Land	Buildings	Infrastructure
2012/13	0%	2%	0%



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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>21. Payables</b>		
		<b>Current</b>		
---	---	Accrued Salaries, Wages and On-Costs	3,962	3,740
---	---	Taxation and Payroll Deductions	225	284
4,187	4,024	Accrued Liability - Purchase of Personnel Services	---	---
2,286	2,444	Creditors	2,286	2,444
		Other Creditors		
1,782	811	- Intra Health Liability	1,782	811
7,722	6,521	- Other	7,722	6,521
<b>15,977</b>	<b>13,800</b>		<b>15,977</b>	<b>13,800</b>

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

		<b>22. Borrowings</b>		
		<b>Current</b>		
1,197	1,083	Public Private Partnership	1,197	1,083
<b>1,197</b>	<b>1,083</b>		<b>1,197</b>	<b>1,083</b>
		<b>Non-Current</b>		
79,775	80,971	Public Private Partnership	79,775	80,971
<b>79,775</b>	<b>80,971</b>		<b>79,775</b>	<b>80,971</b>

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.*

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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
<b>23. Provisions</b>				
----	----	Annual Leave - Short Term Benefit	10,469	8,197
----	----	Annual Leave - Long Term Benefit	5,117	7,121
----	----	Long Service Leave On-Costs	1,592	1,627
17,178	16,945	Provision for Personnel Services Liability	----	----
<u>17,178</u>	<u>16,945</u>	<b>Total Current Provisions</b>	<u>17,178</u>	<u>16,945</u>
<b>Non-Current Employee Benefits and Related On-Costs</b>				
----	----	Long Service Leave On-Costs	84	86
84	86	Provision for Personnel Services Liability	----	----
<u>84</u>	<u>86</u>	<b>Total Non-Current Provisions</b>	<u>84</u>	<u>86</u>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	17,178	16,945
----	----	Provisions - Non-Current	84	86
----	----	Accrued Salaries, Wages and On-Costs (Note 21)	4,187	4,024
21,449	21,055	Liability - Purchase of Personnel Services	----	----
<u>21,449</u>	<u>21,055</u>		<u>21,449</u>	<u>21,055</u>

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>24. Other</b>		
		<b>Current</b>		
545	659	Income in Advance	545	659
<b>545</b>	<b>659</b>		<b>545</b>	<b>659</b>
<b>545</b>	<b>659</b>		<b>545</b>	<b>659</b>

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2013 \$000</b>	<b>2012 \$000</b>		<b>2013 \$000</b>	<b>2012 \$000</b>
		<b>25. Commitments for Expenditure</b>		
		(a) <b>Operating Lease Commitments</b>		
		Future non-cancellable operating lease rentals not provided for and payable:		
385	377	Not later than one year	385	377
230	638	Later than one year and not later than five years	230	638
<u>615</u>	<u>1,015</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>615</u>	<u>1,015</u>
		The operating lease commitments above are for leased properties.		
		(b) <b>Finance Lease Commitments</b>		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
10,774	10,774	Not later than one year	10,774	10,774
43,095	43,095	Later than one year and not later than five years	43,095	43,095
170,638	181,412	Later than five years	170,638	181,412
<u>224,507</u>	<u>235,281</u>	<b>Minimum Lease Payments</b>	<u>224,507</u>	<u>235,281</u>
<u>135,438</u>	<u>145,022</u>	Less: Future Finance Charges	<u>135,438</u>	<u>145,022</u>
<u>89,069</u>	<u>90,259</u>	<b>Present Value of Minimum Lease Payments</b>	<u>89,069</u>	<u>90,259</u>
		<b>The present value of finance lease commitments is as follows:</b>		
1,317	1,190	Not later than one year	1,317	1,190
6,820	6,166	Later than one year and not later than five years	6,820	6,166
80,932	82,903	Later than five years	80,932	82,903
<u>89,069</u>	<u>90,259</u>	<b>Present Value of Minimum Lease Payments</b>	<u>89,069</u>	<u>90,259</u>
		<b>Classified as:</b>		
1,197	1,082	(a) Current (Note 22)	1,197	1,082
79,775	80,972	(b) Non-Current (Note 22)	79,775	80,972
<u>80,972</u>	<u>82,054</u>		<u>80,972</u>	<u>82,054</u>

The finance lease commitments above are for the Forensic Hospital complex.

(c) **Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$89.1 million million as at 30 June 2013 includes input tax credits of \$8.1 million that are expected to be recoverable from the Australian Taxation Office (2012 \$8.3 million).

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**26. Trust Funds**

The Network holds trust fund moneys of \$790 thousand which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the 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
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	570	473	570	473
Receipts	1,666	1,527	1,666	1,527
Expenditure	(1,446)	(1,430)	(1,446)	(1,430)
Cash Balance at the end of the financial year	790	570	790	570

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**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 2006/07 fund year and an interim adjustment for the 2008/09 fund year were not calculated until 2012/13.

As a result, the 2007/08 final and 2009/10 pertaining to the hospitals and community services now forming part of the Network will be paid in 2013/14. It is not possible for the Network to reliably quantify the benefit to be received or amount payable.

**b) Other**

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. Any fluctuation between fixed interest payable & variable interest rebate is recognised in the statement of comprehensive income at reporting date

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	PARENT		CONSOLIDATION
	2013	2012	2012
	\$000	\$000	\$000
<b>28. Reconciliation of Cash Flows from Operating Activities to Net Result</b>			
	11,186	8,326	11,186
Net Cash Flows from Operating Activities	(3,936)	(3,461)	(3,936)
Depreciation	(232)	56	(232)
Allowance for Impairment	114	(559)	114
(Increase)/ Decrease Income in Advance	(506)	(1,128)	(506)
(Increase)/ Decrease in Provisions	922	1,171	922
Increase / (Decrease) in Prepayments and Other Assets	(2,200)	(2,639)	(2,200)
(Increase)/ Decrease in Creditors	216	---	216
Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	(91)	(611)	(91)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment			
	<u>5,473</u>	<u>1,155</u>	<u>5,473</u>
<b>Net Result</b>			<u><u>1,155</u></u>

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**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**

Actual net result of \$5.47m was favourable to the budget primarily due to:

- the Forensic Hospital available and occupied bed days not risen as expected in the first half of 2012/2013 mainly due to recruitment issues.
- various cost savings and efficiency strategies implemented and fully achieved.
- interest earned on higher bank deposit balances and patient fee income.

**Assets and Liabilities**

Actual net assets for the year were higher than budgeted by \$7.76m largely due to the net increment in the building revaluation of \$2.55m and improved cash and investment balances.

**Cash Flows**

Actual net cash flows from operating activities were lower than that budgeted by \$7.04m 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 01 July 2012 are as follows:

	<b>\$000</b>
Initial Allocation, 1 July 2012	170,029
Subsequent supplementations - Special Projects	(565)
Subsequent supplementations - General Funding	(876)
	<hr/>
Balance as per Statement of Comprehensive Income	<u>168,588</u>



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

Equity transfers effected in the 2011/12 year were:

Amalgamation of the Forensic Mental Health Network into the Justice Health 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 Health and Forensic Mental Health Network as the Network never traded.

Equity transfers effected in the 2012/13 year were:

An decrease in net assets of \$0.28m relating to the Network's long service leave accrued on recreational leave taken cost has been assumed by the Crown Entity.

	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Equity transfers effected comprised:		
Crown Entity - Transfer of Long Service Leave On-costs	275	0
	<b>275</b>	<b>-----</b>
Assets and Liabilities transferred are as follows:		
	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
<b>Liabilities</b>		
Recreational leave liabilities	275	0
	<b>275</b>	<b>-----</b>
<b>Increase/(Decrease) in Net Assets From Equity Transfers</b>	<b>275</b>	<b>-----</b>

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### 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 Management Committee and the internal auditors on a continuous basis.

#### (a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
<b>Financial Assets</b>			
Cash and Cash Equivalents (note 17)	N/A	30,392	23,539
Receivables (note 18)*	Loans and receivables (at amortised cost)	2,805	1,834
Total Financial Assets		33,197	25,373
<b>Financial Liabilities</b>			
Borrowings (note 22)	Financial liabilities	80,972	82,054
Payables (note 21)**	measured at	15,752	13,516
Other (note 24)	amortised cost	-----	-----
Total Financial Liabilities		96,724	95,570

Notes

\*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

\*\*Excludes statutory payables and unearned revenue (i.e. 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).

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Credit risk arises from financial assets of the Network, including cash, receivables and 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.

**Cash**

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.15% in 2012/13 compared to 4.23% 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 (2013:\$1380K; 2012: \$378K) and not more than 3 months past due (2013: \$391K; 2012:\$561K) are not considered impaired and together these represent 48.5% of the total trade debtors.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

<b>2013</b>	<b>Total</b> <sup>1,2</sup>	<b>Past due but not impaired</b> <sup>1,2</sup>	<b>Considered impaired</b> <sup>1,2</sup>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<3 months overdue	533	499	34
3 months - 6 months overdue	68	17	51
> 6 months overdue	417		417
<b>2012</b>			
<3 months overdue	1,174	1,174	
3 months - 6 months overdue	59	59	
> 6 months overdue	336		336

**Notes**

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

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

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**(c) Liquidity Risk**

Liquidity risk is the risk that the 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 of loans payable. No assets have been pledged as collateral. The Network has exposure to liquidity risk.

However, the risk is minimised by the service agreement, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Network fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. 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, e.g. 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.

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*Maturity Analysis and interest rate exposure of financial liabilities*

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>2013</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		3,962	----	----	3,962	----	----
- Creditors		11,790	----	----	11,790	----	----
Borrowings:							
- Loans and Deposits							
- Finance Leases							
- Public Private Partnership	10.6	224,507			10,774	43,095	170,638
- Other							
		<u>240,259</u>	<u>----</u>	<u>----</u>	<u>15,752</u>	<u>43,095</u>	<u>170,638</u>
<b>2012</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		3,740	----	----	3,740	----	----
- Creditors		9,776	----	----	9,776	----	----
Borrowings:							
- Public Private Partnership	10.6	235,281			10,774	43,095	181,412
		<u>248,797</u>	<u>----</u>	<u>----</u>	<u>13,516</u>	<u>43,095</u>	<u>181,412</u>

Notes:

<sup>1</sup> 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.

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**d) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Network's exposures to market risk are primarily through interest rate risk on the Network's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Network 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 for 2012. 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 is 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%		+1%	
		Profit	Equity	Profit	Equity
<b>2013</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	30,392	(304)	(304)	304	304
<b>Financial Liabilities</b>					
Payables	15,752	----	----	----	----
Borrowings	80,972	(810)	(810)	810	810
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	23,539	(235)	(235)	235	235
<b>Financial Liabilities</b>					
Payables	13,516	----	----	----	----
Borrowings	82,054	(821)	(821)	821	821

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**Note 33 Events after the Reporting Period**

There are no events after the reporting period that require amendment to the financial statements.

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END OF AUDITED FINANCIAL STATEMENTS