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## FINANCIAL REPORT

NSW Ministry of Health – Audited Financial Statements	
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## INDEPENDENT AUDITOR'S REPORT

### Ministry of Health

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Ministry of Health (the Ministry), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Ministry and the consolidated entity. The consolidated entity comprises the Ministry and the entities it controlled at the year's end or from time to time during the financial year.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Ministry and the consolidated entity, as at 30 June 2013, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

### Director-General's Responsibility for the Financial Statements

The Director-General 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 Director-General determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, 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 Ministry or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

## **Independence**

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

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



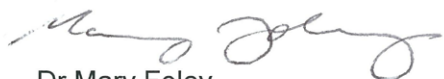
A T Whitfield  
Deputy Auditor-General

20 September 2013  
SYDNEY

**Ministry of Health**  
**Certification of the 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 Ministry of Health for the year ended 30 June 2013 have been prepared in accordance with:
  - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
  - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
  - 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 Ministry of Health; and
  
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Mary Foley  
**Director General**  
19 September 2013



John Roach  
**Chief Financial Officer**

**Ministry of Health**  
**Statement of Comprehensive Income for the year ended 30 June 2013**

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual			
2013	2013	2012			2013	2013	2012			
\$000	\$000	\$000			\$000	\$000	\$000			
<b>Expenses excluding losses</b>										
Operating Expenses										
111,867	114,480	135,640	Employee Related	3	10,262,357	10,471,470	10,096,530			
687,698	720,516	717,964	Other Operating Expenses	4	4,803,327	5,022,435	4,675,865			
3,845	3,801	3,687	Depreciation and Amortisation	2(i), 5	586,781	572,122	535,422			
13,813,936	13,810,653	12,863,397	Grants and Subsidies	6	1,233,511	1,168,136	1,110,497			
----	----	----	Finance Costs	7	40,122	43,508	44,143			
<b>14,617,346</b>	<b>14,649,450</b>	<b>13,720,688</b>	<b>Total Expenses excluding losses</b>		<b>16,926,098</b>	<b>17,277,671</b>	<b>16,462,457</b>			
<b>Revenue</b>										
9,192,268	9,192,268	13,039,539	Recurrent Appropriation	2(d)	9,192,268	9,192,556	13,039,539			
806,182	806,182	487,631	Capital Appropriation	2(d)	806,182	807,506	487,631			
----	----	8,094	Transfers to the Ministry of Health		----	----	----			
1,392	1,392	8,481	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 11	268,340	579,159	593,931			
211,533	234,706	122,261	Sale of Goods and Services	8	2,207,901	2,106,490	1,956,814			
13,505	18,743	10,378	Investment Revenue	9	69,258	86,162	56,159			
4,290,915	4,317,000	28,047	Grants and Contributions	10	4,678,169	4,847,781	376,826			
25,744	21,562	43,627	Other Revenue	12	133,659	59,393	127,958			
<b>14,541,539</b>	<b>14,591,853</b>	<b>13,748,058</b>	<b>Total Revenue</b>		<b>17,355,777</b>	<b>17,679,047</b>	<b>16,638,858</b>			
<b>(434)</b>	<b>-----</b>	<b>(264)</b>	<b>Gain / (Loss) on Disposal</b>	13	<b>(90,612)</b>	<b>(42,000)</b>	<b>(26,103)</b>			
<b>(9)</b>	<b>-----</b>	<b>(68)</b>	<b>Other Gains / (Losses)</b>	14	<b>(63,722)</b>	<b>(10,283)</b>	<b>(60,784)</b>			
<b>(76,250)</b>	<b>(57,597)</b>	<b>27,038</b>	<b>Net Result</b>	34	<b>275,345</b>	<b>349,093</b>	<b>89,514</b>			
<b>Other Comprehensive Income</b>										
<b>Items that will not be reclassified to net result</b>										
Net Increase/(Decrease) in Property, Plant &										
(1,139)	----	616	Equipment Revaluation Surplus		526,297	----	139,173			
<b>(1,139)</b>	<b>----</b>	<b>616</b>	<b>Total Other Comprehensive Income</b>		<b>526,297</b>	<b>----</b>	<b>139,173</b>			
<b>(77,389)</b>	<b>(57,597)</b>	<b>27,654</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>801,642</b>	<b>349,093</b>	<b>228,687</b>			

The accompanying notes form part of these financial statements.

**Ministry of Health**  
**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>									
233,534	254,947	160,389	Cash and Cash Equivalents	17	1,482,967	1,139,104	1,302,763		
52,050	50,702	115,215	Receivables	18	549,921	462,582	474,223		
32,922	40,585	40,965	Inventories	19	142,095	126,387	139,809		
----	----	----	Financial Assets at Fair Value	20	78,892	207,451	117,349		
1,139	2,500	8,783	Other Financial Assets	21	----	----	----		
<u>319,645</u>	<u>348,734</u>	<u>325,352</u>				<u>2,253,875</u>	<u>1,935,524</u>	<u>2,034,144</u>	
----	----	----	Non-Current Assets Held for Sale	25	19,290	62,000	66,671		
<b>319,645</b>	<b>348,734</b>	<b>325,352</b>	<b>Total Current Assets</b>		<b>2,273,165</b>	<b>1,997,524</b>	<b>2,100,815</b>		
<b>Non-Current Assets</b>									
----	----	----	Receivables	18	7,274	12,459	9,040		
----	----	----	Financial Assets at Fair Value	20	42,002	40,464	36,161		
29,952	29,900	15,431	Other Financial Assets	21	----	----	----		
Property, Plant and Equipment									
124,779	126,774	128,107	- Land and Buildings	22	10,567,411	9,551,464	9,346,159		
2,154	2,143	4,275	- Plant and Equipment	22	945,975	1,085,260	869,945		
----	----	----	- Infrastructure Systems	22	449,502	85,087	363,095		
<u>126,933</u>	<u>128,917</u>	<u>132,382</u>	Total Property, Plant and Equipment		<u>11,962,888</u>	<u>10,721,811</u>	<u>10,579,199</u>		
----	----	177	Intangible Assets	23	389,102	306,537	302,764		
----	----	----	Other	24	37,416	24,636	54,411		
<u>156,885</u>	<u>158,817</u>	<u>147,990</u>	<b>Total Non-Current Assets</b>		<u>12,438,682</u>	<u>11,105,907</u>	<u>10,981,575</u>		
<u>476,530</u>	<u>507,551</u>	<u>473,342</u>	<b>Total Assets</b>		<u>14,711,847</u>	<u>13,103,431</u>	<u>13,082,390</u>		
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
313,966	320,635	224,134	Payables	27	1,270,715	1,007,598	1,148,080		
----	----	----	Borrowings	28	14,035	14,191	14,365		
9,222	12,756	13,685	Provisions	29	1,581,829	1,455,509	1,562,211		
2,427	2,427	2,427	Other	30	38,400	24,980	34,992		
<u>325,615</u>	<u>335,818</u>	<u>240,246</u>	<b>Total Current Liabilities</b>		<u>2,904,979</u>	<u>2,502,278</u>	<u>2,759,648</u>		
<b>Non-Current Liabilities</b>									
----	----	----	Borrowings	28	1,047,689	424,008	438,729		
304	268	909	Provisions	29	15,625	9,524	14,380		
58,258	58,258	61,383	Other	30	103,022	103,102	106,455		
<u>58,562</u>	<u>58,526</u>	<u>62,292</u>	<b>Total Non-Current Liabilities</b>		<u>1,166,336</u>	<u>536,634</u>	<u>559,564</u>		
<u>384,177</u>	<u>394,344</u>	<u>302,538</u>	<b>Total Liabilities</b>		<u>4,071,315</u>	<u>3,038,912</u>	<u>3,319,212</u>		
<u>92,353</u>	<u>113,207</u>	<u>170,804</u>	<b>Net Assets</b>		<u>10,640,532</u>	<u>10,064,519</u>	<u>9,763,178</u>		
<b>EQUITY</b>									
108,413	109,552	109,552	Reserves		3,034,804	2,369,334	2,508,507		
(16,060)	3,655	61,252	Accumulated Funds		7,605,728	7,695,185	7,254,671		
<u>92,353</u>	<u>113,207</u>	<u>170,804</u>	<b>Total Equity</b>		<u>10,640,532</u>	<u>10,064,519</u>	<u>9,763,178</u>		

The accompanying notes form part of these financial statements.

**Ministry of Health**  
**Statement of Changes in Equity for the year ended 30 June 2013**

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>PARENT</b>				
Balance at 1 July 2012		61,252	109,552	170,804
Net Result for the year		(76,250)	----	(76,250)
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	(1,139)	(1,139)
<b>Total Other Comprehensive Income</b>		----	(1,139)	(1,139)
<b>Total Comprehensive Income for the year</b>		(76,250)	(1,139)	(77,389)
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	(1,062)	----	(1,062)
<b>Balance at 30 June 2013</b>		<b>(16,060)</b>	<b>108,413</b>	<b>92,353</b>
<b>Balance at 1 July 2011</b>				
Balance at 1 July 2011		79,938	108,936	188,874
Net Result for the year		27,038	----	27,038
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	616	616
<b>Total Other Comprehensive Income</b>		----	616	616
<b>Total Comprehensive Income for the year</b>		27,038	616	27,654
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	(45,724)	----	(45,724)
<b>Balance at 30 June 2012</b>		<b>61,252</b>	<b>109,552</b>	<b>170,804</b>
<b>CONSOLIDATION</b>				
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance at 1 July 2012		7,254,671	2,508,507	9,763,178
Net Result for the year		275,345	----	275,345
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	526,297	526,297
<b>Total Other Comprehensive Income</b>		----	526,297	526,297
<b>Total Comprehensive Income for the year</b>		275,345	526,297	801,642
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	75,712	----	75,712
<b>Balance at 30 June 2013</b>		<b>7,605,728</b>	<b>3,034,804</b>	<b>10,640,532</b>
<b>Balance at 1 July 2011</b>				
Balance at 1 July 2011		7,165,157	2,369,334	9,534,491
Net Result for the year		89,514	----	89,514
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	139,173	139,173
Available for Sale Financial Assets:		----	----	----
<b>Total Other Comprehensive Income</b>		----	139,173	139,173
<b>Total Comprehensive Income for the year</b>		89,514	139,173	228,687
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	----	----	----
<b>Balance at 30 June 2012</b>		<b>7,254,671</b>	<b>2,508,507</b>	<b>9,763,178</b>

The accompanying notes form part of these financial statements.

**Ministry of Health**  
**Statement of Cash Flows for the year ended 30 June 2013**

PARENT			CONSOLIDATION		
Actual	Budget Unaudited	Actual	Actual	Budget Unaudited	Actual
2013	2013	2012	Notes	2013	2013
\$000	\$000	\$000		\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Payments</b>					
(117,060)	(115,730)	(140,510)		(10,113,447)	(9,963,532)
(13,813,936)	(13,800,498)	(12,863,396)		(1,233,511)	(1,168,136)
----	----	----		(40,122)	(43,508)
(588,697)	(729,043)	(713,687)		(5,480,322)	(5,587,087)
<b>(14,519,693)</b>	<b>(14,645,271)</b>	<b>(13,717,593)</b>		<b>(16,867,402)</b>	<b>(16,762,263)</b>
<b>Total Payments</b>					
<b>Receipts</b>					
9,192,268	9,192,268	12,993,815		9,192,268	9,192,556
806,182	806,182	487,631		806,182	807,506
----	----	8,094		----	----
1,392	1,392	4,352		163,452	----
268,115	299,218	72,363		2,171,674	2,041,646
13,505	18,743	10,378		69,258	86,162
4,290,915	4,408,438	36,528		4,678,169	4,678,768
29,539	21,774	42,453		832,416	821,049
<b>14,601,916</b>	<b>14,748,015</b>	<b>13,655,614</b>		<b>17,913,419</b>	<b>17,627,687</b>
<b>Total Receipts</b>					
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>82,223</b>	<b>102,744</b>	<b>(61,979)</b>	34	<b>1,046,017</b>	<b>865,424</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
45	----	----		43,789	50,915
----	----	----		110,735	----
(898)	(8,186)	(1,303)		(983,941)	(934,358)
----	----	----		(56,293)	----
(8,225)	----	----		----	(70,100)
<b>(9,078)</b>	<b>(8,186)</b>	<b>(1,303)</b>		<b>(885,710)</b>	<b>(953,543)</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
----	----	(11,433)		3,542	2,182
----	----	----		(14,912)	(14,063)
<b>----</b>	<b>----</b>	<b>(11,433)</b>		<b>(11,370)</b>	<b>(11,881)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>NET INCREASE / (DECREASE) IN CASH</b>					
73,145	94,558	(74,715)		148,937	(100,000)
160,389	160,389	235,104		1,302,763	1,239,104
----	----	----	39	31,267	----
<b>233,534</b>	<b>254,947</b>	<b>160,389</b>	17	<b>1,482,967</b>	<b>1,139,104</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>					

The accompanying notes form part of these financial statements.



**Ministry of Health**  
**Summary of Compliance with Financial Directives for the year ended 30 June 2013**

	2013				2012			
	Recurrent Appropriation \$000	Expenditure/ Net Claim on Consolidated Fund \$000	Capital Appropriation \$000	Expenditure/ Net Claim on Consolidated Fund \$000	Recurrent Appropriation \$000	Expenditure/ Net Claim on Consolidated Fund \$000	Capital Appropriation \$000	Expenditure/ Net Claim on Consolidated Fund \$000
<b>Original Budget Appropriation/ Expenditure</b>								
• Appropriation Act	9,192,556	9,191,198	807,506	806,182	13,097,141	13,037,860	703,889	487,631
• S26 PF&AA Commonwealth Specific Purpose Payments	-----	-----	-----	-----	(16,145)	-----	-----	-----
	<b>9,192,556</b>	<b>9,191,198</b>	<b>807,506</b>	<b>806,182</b>	<b>13,080,996</b>	<b>13,037,860</b>	<b>703,889</b>	<b>487,631</b>
<b>Other Appropriations/Expenditure</b>								
• Treasurer's Advance	1,070	1,070	-----	-----	564	564	-----	-----
• Transfers to/from another agency (S31 of the Appropriation Act)	-----	-----	1,700	-----	1,115	1,115	-----	-----
	<b>1,070</b>	<b>1,070</b>	<b>1,700</b>	<b>-----</b>	<b>1,679</b>	<b>1,679</b>	<b>-----</b>	<b>-----</b>
<b>Total Appropriations/ Expenditure / Net Claim on Consolidated Fund (includes transfer payments)</b>	<b>9,193,626</b>	<b>9,192,268</b>	<b>809,206</b>	<b>806,182</b>	<b>13,082,675</b>	<b>13,039,539</b>	<b>703,889</b>	<b>487,631</b>
<b>Amount drawn down against Appropriation</b>		<b>9,192,268</b>		<b>806,182</b>		<b>13,039,539</b>		<b>487,631</b>
<b>Liability to Consolidated Fund *</b>		-----		-----		-----		-----

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

\* The "Liability to Consolidated Fund" represents the difference between the "Amount Drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund".

**Ministry of Health  
Service Group Statements  
for the Year Ended 30 June 2013**

MINISTRY EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total				
	2013	2012	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	\$000	\$000		
<b>Expenses excluding losses</b>																									
Operating Expenses																									
Employee Related	473,819	476,269	45,123	43,877	1,277,072	1,228,789	1,431,600	1,422,294	4,546,211	4,469,664	1,030,623	1,023,872	992,522	980,977	185,333	182,931	280,054	267,857					10,282,357	10,096,530	
Other Operating Expenses	163,246	174,758	14,599	15,392	769,113	799,747	623,330	667,763	2,391,517	2,137,567	236,414	250,588	317,643	334,259	180,584	190,405	106,881	105,386					4,803,327	4,675,965	
Depreciation and Amortisation	21,517	20,323	1,393	1,275	101,408	86,562	69,770	65,744	272,757	252,530	41,640	38,116	53,509	48,980	9,670	8,851	15,117	13,041					586,781	535,422	
Grants and Subsidies	214,419	203,245	24,828	23,535	111,851	106,022	36,098	34,217	227,245	214,478	61,089	57,905	224,918	213,197	187,795	178,009	145,268	79,889					1,233,511	1,110,497	
Finance Costs	299	329	7	7	5,560	6,117	2,819	3,102	16,373	18,015	12,827	14,113	1,844	2,028	64	70	329	362					40,122	44,143	
<b>Total Expenses excluding losses</b>	<b>873,300</b>	<b>874,924</b>	<b>85,950</b>	<b>84,086</b>	<b>2,265,004</b>	<b>2,227,237</b>	<b>2,163,617</b>	<b>2,193,120</b>	<b>7,454,103</b>	<b>7,092,254</b>	<b>1,382,593</b>	<b>1,384,594</b>	<b>1,590,436</b>	<b>1,579,441</b>	<b>563,446</b>	<b>560,266</b>	<b>547,649</b>	<b>466,535</b>					<b>16,926,098</b>	<b>16,462,457</b>	
<b>Revenue</b>																									
Ministry of Health Recurrent Appropriation **																									
Ministry of Health Capital Appropriation **																									
Acceptance by the Crown Entity of Employee Benefits and Other Liabilities	12,073	26,722	543	1,197	24,982	55,294	48,315	106,936	132,859	294,068	23,120	51,175	15,965	35,336	4,014	8,884	6,469	14,319					288,340	593,931	
Sale of Goods and Services	32,723	29,002	4,356	3,860	243,047	215,408	200,295	177,517	1,166,696	1,034,017	125,439	111,174	382,011	338,568	12,509	11,086	40,825	36,182					2,207,901	1,956,614	
Investment Revenue	2,261	1,924	129	111	7,434	6,326	4,440	3,778	32,717	25,341	2,608	2,219	9,086	7,732	1,548	1,317	9,035	7,411					69,258	56,159	
Grants and Contributions	272,943	14,311	4,684	1,392	633,695	15,712	354,769	16,763	2,229,863	165,236	636,507	67,431	152,055	45,534	113,385	35,163	280,288	15,284					4,678,169	376,826	
Other Revenue	10,698	10,241	284	263	14,124	13,522	16,370	15,671	57,546	55,092	12,227	11,705	10,881	10,417	4,674	6,845	4,474	6,553					133,659	127,958	
<b>Total Revenue</b>	<b>330,698</b>	<b>82,200</b>	<b>9,986</b>	<b>6,843</b>	<b>923,282</b>	<b>306,262</b>	<b>624,189</b>	<b>320,665</b>	<b>3,619,661</b>	<b>1,573,754</b>	<b>799,901</b>	<b>243,704</b>	<b>569,988</b>	<b>437,587</b>	<b>136,130</b>	<b>60,924</b>	<b>343,462</b>	<b>79,749</b>					<b>17,355,777</b>	<b>16,638,858</b>	
Gain / (Loss) on Disposal	(3,439)	(694)	(216)	(2)	(14,504)	(3,321)	(10,996)	(1,544)	(43,265)	(13,488)	(6,349)	(2,853)	(8,163)	(2,155)	(1,473)	(153)	(2,207)	(1,893)					(90,612)	(26,103)	
Other Gains / (Losses)	(3,381)	(494)	(318)	(14)	(8,347)	(2,904)	(8,245)	(42,702)	(27,269)	(9,782)	(5,616)	(1,478)	(6,058)	(1,478)	(2,653)	(247)	(1,815)	(1,685)					(63,722)	(60,784)	
<b>Net Result</b>	<b>(549,422)</b>	<b>(793,912)</b>	<b>(76,466)</b>	<b>(77,259)</b>	<b>(1,364,573)</b>	<b>(1,927,200)</b>	<b>(1,558,669)</b>	<b>(1,916,701)</b>	<b>(3,904,976)</b>	<b>(5,541,770)</b>	<b>(594,657)</b>	<b>(1,145,221)</b>	<b>(1,034,659)</b>	<b>(1,145,487)</b>	<b>(431,442)</b>	<b>(499,742)</b>	<b>(206,209)</b>	<b>(390,364)</b>					<b>9,998,450</b>	<b>13,527,170</b>	
<b>Other Comprehensive Income</b>																									
Change Increase/(Decrease) in Revaluation Surplus	31,926	2,203	1,256	7	57,082	20,659	55,504	6,111	267,702	97,310	55,701	6,288	37,743	4,547	7,449	496	11,934	1,552					526,297	139,173	
<b>Total Other Comprehensive Income</b>	<b>31,926</b>	<b>2,203</b>	<b>1,256</b>	<b>7</b>	<b>57,082</b>	<b>20,659</b>	<b>55,504</b>	<b>6,111</b>	<b>267,702</b>	<b>97,310</b>	<b>55,701</b>	<b>6,288</b>	<b>37,743</b>	<b>4,547</b>	<b>7,449</b>	<b>496</b>	<b>11,934</b>	<b>1,552</b>					<b>526,297</b>	<b>139,173</b>	
<b>Total Comprehensive Income</b>	<b>(517,496)</b>	<b>(791,709)</b>	<b>(75,242)</b>	<b>(77,252)</b>	<b>(1,307,491)</b>	<b>(1,906,541)</b>	<b>(1,503,165)</b>	<b>(1,910,589)</b>	<b>(3,637,274)</b>	<b>(5,444,460)</b>	<b>(538,956)</b>	<b>(1,138,933)</b>	<b>(996,916)</b>	<b>(1,140,940)</b>	<b>(423,963)</b>	<b>(499,246)</b>	<b>(196,279)</b>	<b>(388,812)</b>					<b>9,998,450</b>	<b>13,527,170</b>	
																								<b>801,642</b>	<b>228,667</b>

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

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

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

For comparative purposes, the 2011/12 actual by Service Group have been recast to reflect the impact of the revised Independent Hospital Pricing Authority (IHPA) clinical service definitions implemented in 2012/13 and accord with the National Health Reform funding arrangements.

**Ministry of Health  
Service Group Statements (Continued)  
for the Year Ended 30 June 2013**

MINISTRY ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>																					
<b>Current Assets</b>																					
Cash and Cash Equivalents	75,631	69,046	7,415	6,515	203,166	175,873	192,786	173,267	636,193	562,794	123,086	109,432	137,916	125,065	59,319	44,294	47,455	36,477	1,482,967	1,302,763	
Receivables	8,249	7,113	1,100	948	52,165	60,491	50,043	43,154	290,358	250,390	31,345	27,031	95,136	82,041	3,300	2,845	9,899	8,536	549,921	474,223	
Inventories	4,689	5,173	427	419	24,156	23,907	19,609	19,993	64,937	63,893	7,389	7,550	9,094	9,926	8,668	5,732	3,126	3,216	142,095	139,809	
Financial Assets at Fair Value	4,023	6,219	394	587	10,808	15,842	10,256	15,607	33,845	50,695	6,548	9,857	7,337	11,266	3,156	3,990	2,525	3,286	78,892	117,349	
Other Financial Assets	714	2,533	37	133	3,337	10,801	2,296	8,201	8,970	31,469	1,370	4,734	1,755	6,067	309	1,133	502	1,600	19,290	66,671	
Non-Current Assets Held for Sale	93,306	90,084	9,373	8,602	301,958	278,588	274,990	260,222	1,034,303	959,241	169,738	158,604	251,238	234,365	74,752	57,994	63,507	53,115	2,273,165	2,100,815	
<b>Non-Current Assets</b>																					
Receivables	109	136	14	18	800	994	662	823	3,841	4,773	415	515	1,258	1,564	44	54	131	163	7,274	9,040	
Financial Assets at Fair Value	2,142	1,917	211	180	5,754	4,882	5,460	4,809	18,019	15,622	3,486	3,038	3,906	3,471	1,680	1,229	1,344	1,013	42,002	36,161	
Property, Plant and Equipment	410,967	355,154	23,459	18,692	1,827,528	1,514,078	1,234,802	1,149,578	5,003,669	4,411,387	714,357	663,577	916,512	850,500	170,135	158,885	265,982	224,308	10,567,411	9,346,159	
- Land and Buildings	35,001	33,058	1,892	1,740	163,654	140,931	112,571	107,003	439,878	410,614	67,164	61,766	86,084	79,165	15,136	14,769	24,595	20,879	945,975	869,945	
- Plant and Equipment	16,632	13,798	898	725	77,764	58,821	53,491	44,661	209,018	171,381	31,915	25,760	40,905	33,042	7,192	6,173	11,687	8,714	449,502	363,095	
- Infrastructure Systems	14,397	11,505	778	605	67,315	49,048	46,303	37,240	180,932	142,905	27,626	21,496	35,408	27,552	6,226	5,147	10,117	7,266	389,102	302,764	
Intangible Assets	1,908	2,884	187	271	5,126	4,864	7,237	4,864	16,051	23,506	3,106	4,571	3,480	5,223	1,497	1,850	1,197	1,524	37,416	54,411	
Other	481,156	418,452	27,439	22,231	2,147,941	1,776,099	1,458,153	1,351,351	5,871,408	5,180,188	848,069	780,743	1,087,553	1,000,517	201,910	188,127	315,053	263,867	12,488,662	10,981,575	
<b>Total Non-Current Assets</b>	574,462	508,536	36,812	30,833	2,449,889	2,054,687	1,733,143	1,611,573	6,905,711	6,139,429	1,017,807	939,347	1,338,791	1,234,882	276,662	246,121	378,560	316,982	14,711,847	13,082,390	
<b>TOTAL ASSETS</b>																					
<b>LIABILITIES</b>																					
<b>Current Liabilities</b>																					
Payables	41,934	42,479	3,810	3,444	216,022	196,322	175,359	164,175	580,717	524,673	66,077	61,996	81,326	81,514	77,514	47,071	27,956	26,406	1,270,715	1,148,080	
Borrowings	716	761	70	72	1,923	1,939	1,825	1,911	6,201	6,206	1,165	1,207	1,305	1,379	561	488	449	402	14,035	14,365	
Provisions	72,764	73,424	6,328	6,249	196,147	190,590	221,456	220,272	702,332	692,059	158,183	157,763	153,437	151,534	28,473	28,120	42,709	42,180	1,581,829	1,562,211	
Other	1,958	1,855	192	174	5,261	4,724	4,992	4,654	16,474	15,117	3,187	2,939	3,571	3,359	1,536	1,190	1,229	980	38,400	34,992	
<b>Total Current Liabilities</b>	117,372	118,519	10,400	9,939	419,353	393,575	403,632	391,012	1,305,544	1,238,055	228,612	223,925	239,639	237,786	108,084	76,869	72,343	69,968	2,904,979	2,759,648	
<b>Non-Current Liabilities</b>																					
Borrowings	68,068	23,253	1,928	2,194	168,081	59,228	108,331	58,351	565,668	189,531	43,763	36,853	50,258	42,118	19,864	14,917	21,708	12,284	1,047,689	438,729	
Provisions	719	676	60	58	1,938	1,754	2,188	2,028	6,938	6,370	1,563	1,452	1,516	1,395	281	259	422	388	15,625	14,380	
Other	5,254	5,642	515	532	14,114	14,371	13,393	14,159	44,196	45,989	8,551	8,942	10,220	10,220	4,121	3,619	3,297	2,981	103,022	106,455	
<b>Total Non-Current Liabilities</b>	74,041	29,571	2,503	2,784	184,133	75,363	123,912	74,538	616,802	241,890	53,897	47,247	61,355	53,733	24,266	18,795	25,427	15,653	1,166,336	559,564	
<b>TOTAL LIABILITIES</b>	191,413	148,090	12,903	12,723	603,486	468,938	527,544	465,550	1,922,346	1,479,945	282,509	271,172	300,994	291,519	132,350	95,664	97,770	85,621	4,071,315	3,319,212	
<b>NET ASSETS</b>	383,049	360,446	23,909	18,110	1,846,413	1,585,759	1,205,599	1,146,023	4,983,365	4,659,484	735,298	668,175	1,037,797	943,363	144,312	150,457	280,790	231,361	10,640,532	9,763,178	

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

For comparative purposes, the 2011/12 actual by Service Group have been recast to reflect the impact of the revised Independent Hospital Pricing Authority (IHPA) clinical service definitions implemented in 2012/13 and accord with the National Health Reform funding arrangements.

Ministry of Health  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2013

## 1. The Reporting Entity

The Ministry of Health (the Ministry), as a reporting entity, comprises all the entities under its control, namely Local Health Districts established from 1 January 2011 and constituted under the *Health Services Act 1997*; the Sydney Children's Hospital Network, Justice and Forensic Mental Health Network, the Clinical Excellence Commission, the Bureau of Health Information, the Agency for Clinical Innovation, the Health Education and Training Institute, the Albury Base Hospital, the Albury Wodonga Health Special Service Entity, the Graythwaite Trust (per Supreme Court order) and the Health Administration Corporation (which includes the operations of the Ambulance Service of NSW, HealthShare NSW, Health Infrastructure, NSW Health Pathology and Health System Support Group). NSW Kids and Families was established on 1 July 2012 and from 1 April 2013, the Ministry controls the Cancer Institute NSW as a result of it coming under the auspices of the *Health Services Act 1997*. All of these entities are reporting entities that produce financial statements in their own right.

The Ministry's consolidated financial statements also include results for the parent entity thereby capturing the Central Administrative function of the Ministry.

The consolidated accounts are those of the consolidated entity comprising the Ministry of Health (the parent entity) and its controlled entities. In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Financial Officer and Director General on 19 September 2013.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

The Ministry of Health'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 *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2010*, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under Section 9(2)(n) of the Act.

### Statement of Compliance

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

### 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.

### Other

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

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

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

Ministry of Health  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2013

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 between 13.2% and 18.9% 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 15.3% and 21%).

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 Ministry's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity. Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Ministry as shown in Note 29.

The Ministry 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'.

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

The Ministry'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 27, 'Payables'.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasury'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.

**iii) Other Provisions**

Other provisions exist when the Ministry 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 Ministry'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 agencies.

Ministry of Health  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2013

**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 entity 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 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.

*Motor Accident Authority Third Party*

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents. The Ministry and its controlled entities, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

*Department of Veterans' Affairs*

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. For inpatient services, revenue is recognised by the Ministry and its controlled entities on an accrual basis by reference to patient admissions. Non admitted patients are recognised by the Ministry of Health in the form of a block grant.

*Investment Revenue*

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

Rental revenue from operating leases is recognised in accordance with AASB117 Leases on a straight line basis over the lease term.

Dividend revenue is recognised in accordance with AASB118 Revenue when the Ministry's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB118 on an accrual basis in accordance with the substance of the relevant agreement.

*Use of Hospital Facilities*

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

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

Ministry of Health  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2013

*Use of Outside Facilities*

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

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

*Grants and Contributions*

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

*Parliamentary Appropriations & Contributions*

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the Ministry obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

General operating expenses/revenues of Affiliated Health Organisations have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Affiliated Health Organisations concerned. The Ministry is not deemed to own or control the various assets/liabilities of the affiliated Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

\* the amount of GST incurred by the Ministry as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and

\* receivables and payables are stated with the amount of GST included.

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

**f) Interstate Patient Flows**

The Ministry recognises the value of Inflows for acute inpatient treatment provided to residents from other States and Territories. The revenue values reported within the financial statements have been based on 2011/12 activity data using standard cost weighted separation values to reflect estimated costs in 2012/13 for acute weighted inpatient separations.

The composition of interstate patient flow revenue is disclosed in Note 8.

The cost of NSW residents treated in other states and territories is similarly calculated and is disclosed in Note 4.

**g) Acquisition of Assets**

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

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(y)).

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, that is, the deferred payment amount is effectively discounted at an asset-specific rate.

**h) Capitalisation Thresholds**

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

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

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

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

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

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

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

**j) Revaluation of Non-Current Assets**

Physical non-current assets are valued in accordance with the Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" Policy. This policy adopts the Revaluation Model in AASB 116 Property, Plant and Equipment, para 31; and AASB 140 – Investment Property, para 36 that use the fair value as measurement; and in accordance with the guidelines provided in TPP07-01 (with amendments in NSWTC 12/05 and NSWTC 10/07). This policy adopts fair value in accordance with AASB116 Property, Plant and Equipment and AASB140 Investment Property.

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

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

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

The Ministry performs valuations on Land and Buildings and Infrastructure at least every three years by independent valuation and with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date.

To ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date, indices from external independent valuers are applied. The indices reflect an assessment of movements in the period between revaluations. Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. Values assigned to Land and Buildings and Infrastructure have been modified accordingly.

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.



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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, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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

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

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

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

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

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

The Ministry has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

**n) Investment Properties**

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

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

**o) Intangible Assets**

The Ministry recognises intangible assets only if it is probable that future economic benefits will flow to the Ministry of Health and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Ministry's intangible assets, the assets are carried at cost less any accumulated amortisation.

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

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

**p) 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.

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**q) Leased Assets**

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

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease.

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

**r) 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 Ministry of Health.

**s) 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.

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

\* Fair value through profit or loss - The Ministry of Health subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

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

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

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

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

\* Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Ministry of Health has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'.

These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

\* Available-for-sale investments - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

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Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; that is, the date the Ministry commits to purchase or sell the asset.

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

**u) 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 Ministry will not be able to collect all amounts due.

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

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

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

**v) 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 Ministry transfers the financial asset:

\* where substantially all the risks and rewards have been transferred; or

\* where the Ministry has not transferred substantially all the risks and rewards, if the Ministry has not retained control.

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

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

**w) Payables**

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

**x) 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.

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**y) Equity Transfers**

The transfer of net assets between entities 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 AASB1004, Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity 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.

**z) 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 Ministry's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

**(ii) Accumulated Funds**

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

**aa) Trust Funds**

The Ministry receives monies in a trustee capacity for various trusts as set out in Note 32.

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

**ab) Budgeted Amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period.

**ac) Emerging Asset**

The Ministry of Health's emerging interest in car parks and hospitals has been valued in accordance with "Accounting for Privately Financed Projects" (TPP06-8). This policy requires the Ministry of Health and its controlled entities to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost is then allocated on a systematic basis over the concession period using the annuity method and the Government Bond rate at commencement of the concession period.

**ad) 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 were consistently applied to 2011/12 and 2012/13 financial statements. Using the statistical data for the 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 has then been 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 takes 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 Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

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

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, AASB 2012-6 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.

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

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

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement. It is not expected that the changes will have material impact.

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

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

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

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

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

AASB 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 Ministry.

AASB 2011-2, Trans Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration to Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013. The 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.

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The following changes will depend on the mandate of 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.

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 from 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:				
89,657	102,981	Salaries and Wages	8,227,301	7,757,111
1,976	2,080	Superannuation - Defined Benefit Plans	139,002	158,487
5,708	4,318	Superannuation - Defined Contribution Plans	702,823	637,316
(692)	7,368	Long Service Leave*	131,460	500,015
6,832	6,559	Annual Leave	846,205	837,662
2,223	5,093	Redundancies	27,579	19,635
699	1,026	Workers' Compensation Insurance	181,196	179,555
5,464	6,215	Payroll Tax and Fringe Benefits Tax	6,791	6,749
<b>111,867</b>	<b>135,640</b>		<b>10,262,357</b>	<b>10,096,530</b>
*As a result of a decrease in the actuarial factor, the present value of the long service leave liability assumed by the Crown Entity dropped significantly. Refer note 11.				
The following additional information is provided:				
----	----	Employee Related Expenses Capitalised - Land and Buildings	10,654	6,524
----	----	Employee Related Expenses Capitalised - Intangibles	13,052	8,901
<b>4. Other Operating Expenses</b>				
14,470	15,745	Blood and Blood Products	105,480	110,747
576	569	Domestic Supplies and Services	90,492	89,396
98,971	108,954	Drug Supplies	639,490	646,463
----	----	Food Supplies	89,768	91,595
741	614	Fuel, Light and Power	148,620	114,403
58,469	63,521	General Expenses (See (b) below)	326,222	413,607
----	----	Hospital Ambulance Transport Costs	26,941	20,595
7,824	8,585	Information Management Expenses	255,751	247,550
219,893	202,048	Insurance	245,801	226,835
250,002	281,828	Interstate Patient Outflows	250,002	206,768
		Maintenance (See (c) below)		
3,070	1,431	Maintenance Contracts	136,503	130,259
1,877	666	New/Replacement Equipment under \$10,000	163,795	162,616
2,169	1,737	Repairs Maintenance/Non Contract	95,758	95,384
3,902	2,352	Medical and Surgical Supplies	711,912	693,157
119	67	Motor Vehicle Expenses	42,417	42,517
2,173	1,794	Postal and Telephone Costs	45,380	45,633
2,321	2,827	Printing and Stationery	49,099	46,413
246	388	Rates and Charges	24,495	23,044
7,141	7,500	Rental	65,856	63,588
31	173	Special Service Departments	273,788	204,933
10,648	12,723	Staff Related Costs	115,382	132,422
1,034	2,245	Sundry Operating Expenses (See (a) below)	171,335	159,577
2,021	2,197	Travel Related Costs	79,143	75,223
----	----	Visiting Medical Officers	649,897	633,140
<b>687,698</b>	<b>717,964</b>		<b>4,803,327</b>	<b>4,675,865</b>

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>(a) Sundry Operating Expenses comprise :</b>		
-----	-----	Aircraft Expenses (Ambulance)	72,782	66,906
1,034	2,245	Contract for Patient Services	82,359	79,772
-----	-----	Isolated Patient Travel and Accommodation Assistance Scheme	16,194	12,899
<u>1,034</u>	<u>2,245</u>		<u>171,335</u>	<u>159,577</u>
		<b>(b) General Expenses include :-</b>		
6,363	3,814	Advertising	18,561	10,370
661	370	Auditor's Remuneration - Audit of Financial Statements	4,049	4,417
274	188	Books, Magazines and Journals	6,071	6,475
1,385	1,193	Consultancies	15,097	14,333
2,402	1,963	Courier and Freight	17,521	19,707
311	299	Data Recording and Storage	5,428	5,528
1,034	907	Legal Services	9,139	6,649
77	111	Membership/Professional Fees	7,948	6,669
7	-----	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	52,280	56,805
-----	-----	Public Private Partnership	81,034	61,098
-----	18	Other Operating Lease Expense - Minimum Lease Payments	26,602	26,661
-----	-----	Payroll Services	501	416
-----	-----	Quality Assurance/Accreditation	4,996	6,378
288	288	Security Services	11,693	14,782
97	24	Translator Services	4,534	4,640
		<b>(c) Reconciliation of Total Maintenance</b>		
7,116	3,834	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 4.	396,056	388,259
-----	-----	Employee Related Maintenance Expense included in Note 3.	50,710	30,933
<u>7,116</u>	<u>3,834</u>	<b>Total Maintenance Expenses</b>	<u>446,766</u>	<u>419,192</u>
		<b>5. Depreciation and Amortisation</b>		
2,713	2,241	Depreciation - Buildings	362,391	324,795
1,014	1,446	Depreciation - Plant and Equipment	177,755	173,369
-----	-----	Depreciation - Infrastructure Systems	20,308	17,841
118	-----	Amortisation - Intangible Assets	26,327	19,417
<u>3,845</u>	<u>3,687</u>		<u>586,781</u>	<u>535,422</u>
		<b>6. Grants and Subsidies</b>		
13,007,405	12,154,862	Payments to Controlled Health Entities	-----	-----
312,055	296,291	Payments to Other Affiliated Health Organisations	569,352	547,366
		Grants -		
116,482	145,378	Cancer Institute NSW*	116,482	145,378
-----	-----	Community Aged Care Packages	29,412	28,067
79,827	74,891	External Research	102,040	84,703
62,566	75,810	Non-Government Organisations	139,682	159,044
76,787	75,084	Albury Wodonga Health	76,787	75,084
32,093	3,724	Westmead Millennium	55,137	28,781
126,721	37,357	Other Grants	144,619	42,074
<u>13,813,936</u>	<u>12,863,397</u>		<u>1,233,511</u>	<u>1,110,497</u>

\*From 1 April 2013, as result of an administrative transfer, Cancer Institute NSW (CINSW) became a controlled entity of the Ministry of Health. Grants paid effective 1 April 2013 to CINSW are now recognised as payments to controlled health entities.



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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>7. Finance Costs</b>				
----	----	Finance Lease Interest Charges	39,608	42,036
----	----	Other Interest Charges	514	2,107
-----	-----		-----	-----
<u>-----</u>	<u>-----</u>		<u>40,122</u>	<u>44,143</u>
<b>8. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
----	----	Sale of Prosthesis	51,773	52,610
----	----	Pharmacy Sales	6,852	8,768
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
----	----	- Inpatient Fees	618,270	542,628
----	----	- Nursing Home Fees	15,553	17,103
----	----	- Non Inpatient Fees	22,573	20,103
111,491	81,125	Department of Veterans' Affairs	372,565	333,711
----	----	Staff-Meals and Accommodation	3,875	4,718
----	----	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	280,601	251,133
----	----	- Annual Charge	81,998	70,282
----	----	Cafeteria/Kiosk	16,240	20,374
----	----	Car Parking	23,778	21,831
----	----	Child Care Fees	11,903	10,842
----	----	Clinical Services (excluding Clinical Drug Trials)	28,385	14,979
134	314	Commercial Activities	18,374	36,440
----	----	Fees for Medical Records	1,878	1,941
----	----	High Cost Drugs	216,823	209,003
----	----	Linen Service Revenues - Non Health Services	8,660	6,888
----	----	Meals on Wheels	1,278	1,647
----	----	Motor Accident Authority Third Party	130,083	92,973
----	----	PADP Patient Copayments	546	175
64,959	2,570	Patient Inflows from Interstate*	64,959	2,570
----	----	Patient Transport Fees	85,492	77,812
----	----	Private Use of Motor Vehicles	2,635	2,681
----	----	Salary Packaging Fee	8,105	6,505
205	182	Services Provided to Non NSW Health Organisations	19,107	24,690
----	----	Use of Ambulance Facilities	4,722	3,853
34,744	38,070	Other	110,873	120,554
-----	-----		-----	-----
<u>211,533</u>	<u>122,261</u>		<u>2,207,901</u>	<u>1,956,814</u>
*Under the activity based funding agreement, effective from 1 July 2012, the parent entity assumes responsibility for all interstate patient flows. Prior to 30 June 2012, inflows were shown as either net expenses or revenues by individuals states and territories. From 1 July 2012, interstate patient flows are shown on a gross basis.				
<b>9. Investment Revenue</b>				
13,505	10,378	Interest	68,914	55,433
----	----	Royalties	313	335
----	----	Other	31	391
-----	-----		-----	-----
<u>13,505</u>	<u>10,378</u>		<u>69,258</u>	<u>56,159</u>

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
<b>10. Grants and Contributions</b>				
-----	-----	Clinical Drug Trials	21,848	20,542
4,250,250	-----	Commonwealth National Health Reform Funding*	4,250,250	-----
18,300	15,789	Commonwealth Government Grants	149,020	90,608
-----	-----	Industry Contributions/Donations	75,317	65,125
-----	-----	Cancer Institute Grants	58,811	59,030
23,157	4,199	NSW Government Grants	46,566	75,948
-----	-----	Research Grants	26,313	22,076
-----	-----	University Commission Grants	451	4
(792)	8,059	Other Grants	49,593	43,493
<hr/>				
<b>4,290,915</b>	<b>28,047</b>		<b>4,678,169</b>	<b>376,826</b>
<hr/>				
<p>* Under the National Health Reform, Commonwealth contributions are recognised as a grant contribution to the State Pool Account. Prior to 1 July 2012, Commonwealth Contributions were paid to NSW Treasury and included as recurrent appropriations.</p>				
<b>11. Acceptance by the Crown Entity of employee benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
1,976	2,080	Superannuation-defined benefit	139,002	158,487
(692)	6,288	Long Service Leave*	129,230	435,331
108	113	Payroll Tax	108	113
<hr/>				
<b>1,392</b>	<b>8,481</b>		<b>268,340</b>	<b>593,931</b>
<hr/>				
<p>*Health employees long service leave liability assumed by the crown entity decreased in the current year due to a decrease in the actuarial factor.</p>				
<b>12. Other Revenue</b>				
Other Revenue comprises the following:-				
-----	-----	Ambulance Death and Disability - Employee Contribution	4,773	4,412
2	2	Commissions	2,461	2,275
-----	-----	Conference and Training Fees	8,890	6,769
3,379	2,854	Discounts	4,064	3,374
-----	38	Insurance Refunds	870	4,707
2,071	1,650	Lease and Rental Income	25,155	24,424
-----	-----	Property not Previously Recognised	12,099	-----
-----	5	Sale of Merchandise, Old Wares and Books	730	621
-----	-----	Sponsorship Income	1,467	1,157
135	-----	Treasury Managed Fund Hindsight Adjustment	9,103	17,174
20,157	39,078	Other	64,047	63,045
<hr/>				
<b>25,744</b>	<b>43,627</b>		<b>133,659</b>	<b>127,958</b>
<hr/>				

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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
<b>13. Gain / (Loss) on Disposal</b>				
1,170	264	Property, Plant and Equipment	629,469	207,231
691	-----	Less: Accumulated Depreciation	<u>543,275</u>	<u>173,991</u>
479	264	<b>Written Down Value</b>	<b>86,194</b>	<b>33,240</b>
45	-----	Less: Proceeds from Disposal	7,769	18,813
<u>(434)</u>	<u>(264)</u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u>(78,425)</u>	<u>(14,427)</u>
-----	-----	Assets Held for Sale	48,207	18,281
-----	-----	Less: Proceeds from Disposal	<u>36,020</u>	<u>6,605</u>
-----	-----	<b>Gain/(Loss) on Disposal of Assets Held for Sale</b>	<u>(12,187)</u>	<u>(11,676)</u>
<u>(434)</u>	<u>(264)</u>	<b>Total Gain/(Loss) on Disposal</b>	<u>(90,612)</u>	<u>(26,103)</u>
<b>14. Other Gains / (Losses)</b>				
-----	-----	Emerging Asset Losses	(16,995)	-----
(9)	(68)	Impairment of Receivables	<u>(46,727)</u>	<u>(60,784)</u>
<u>(9)</u>	<u>(68)</u>		<u>(63,722)</u>	<u>(60,784)</u>

**15. Conditions on Contributions (Consolidated)**

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	40,856	148,118	60,669	<b>249,643</b>
Contributions recognised in previous years which were not expended in the current reporting period.	174,200	447,144	98,795	<b>720,139</b>
Total amount of unexpended contributions as at balance date	<u>215,056</u>	<u>595,262</u>	<u>159,464</u>	<u><b>969,782</b></u>

Comment on restricted assets appears in Note 26.

The Parent entity does not have any conditions on contributions disclosures.

## 16. Service Groups of the Ministry

### 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 programme 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 2.1 - Emergency Services

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

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

### Service Group 2.2 - Inpatient Hospital Services

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

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**Service Group 3.1 - Mental Health Services**

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

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

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

**Service Group 4.1 - Rehabilitation and Extended Care Services**

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

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

**Service Group 5.1 - Population Health Services**

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

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

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

**Service Group 6.1 - Teaching and Research**

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

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

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

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>17. Cash and Cash Equivalents</b>				
233,534	160,389	Cash at Bank and On Hand	929,162	821,560
-----	-----	Short Term Deposits	553,805	481,203
<b>233,534</b>	<b>160,389</b>		<b>1,482,967</b>	<b>1,302,763</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:				
233,534	160,389	Cash and Cash Equivalents (per Statement of Financial Position)	1,482,967	1,302,763
<b>233,534</b>	<b>160,389</b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b>1,482,967</b>	<b>1,302,763</b>
<i>Refer to Note 40 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.</i>				
<b>18. Receivables</b>				
<b>Current</b>				
15,389	69,927	Sale of Goods and Services	303,381	302,744
9,285	18,995	Intra Health Receivables	-----	-----
6,026	9,619	Goods and Services Tax	72,768	52,796
19,251	11,874	Other Debtors	167,233	107,606
49,951	110,415	<b>Sub Total</b>	543,382	463,146
-----	-----	Less Allowance for Impairment	(64,862)	(63,249)
49,951	110,415	<b>Sub Total</b>	478,520	399,897
2,099	4,800	Prepayments	71,401	74,326
<b>52,050</b>	<b>115,215</b>		<b>549,921</b>	<b>474,223</b>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
-----	(1,016)	Balance at Commencement of Reporting Period	(41,240)	(46,387)
-----	1,016	Amounts written off during the year	37,744	52,505
-----	-----	(Increase)/decrease in Allowance Recognised in Result for the Year	(43,769)	(47,358)
-----	-----	Balance at 30 June	<b>(47,265)</b>	<b>(41,240)</b>
(b) Movement in the Allowance for Impairment				
Other Debtors				
-----	-----	Balance at Commencement of Reporting Period	(22,009)	(13,645)
-----	-----	Amounts written off during the year	6,284	4,410
-----	-----	(Increase)/decrease in Allowance Recognised in Result for the Year	(1,872)	(12,774)
-----	-----	Balance at 30 June	<b>(17,597)</b>	<b>(22,009)</b>
-----	-----		<b>(64,862)</b>	<b>(63,249)</b>

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PARENT		CONSOLIDATION	
2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>18. Receivables (continued)</b>			
<b>Non-Current</b>			
----	----	558	1,358
----	----	18	25
----	----	1,316	----
----	----	<b>Sub Total</b>	1,383
----	----	Less Allowance for Impairment	(938)
----	----	<b>Sub Total</b>	806
----	----	Prepayments	8,595
----	----	<b>7,274</b>	<b>9,040</b>
(a) Movement in the Allowance for Impairment			
Sale of Goods and Services			
----	----	(938)	(286)
----	----	938	----
----	----	(460)	(652)
----	----	<b>(460)</b>	<b>(938)</b>
(b) Movement in the Allowance for Impairment			
Other Debtors			
----	----	----	----
----	----	(626)	----
----	----	<b>(626)</b>	----
----	----	<b>(1,086)</b>	<b>(938)</b>
(c) Sale of Goods and Services Receivables			
(Current and Non-Current) include:			
----	----	14,281	10,692
----	----	34,416	18,638
----	----	97,345	92,442
----	----	<b>146,042</b>	<b>121,772</b>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 40.*

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>19. Inventories - Current - Held for Distribution</b>				
28,980	34,977	Drugs	62,262	71,090
3,942	5,988	Medical and Surgical Supplies	50,797	54,742
-----	-----	Food and Hotel Supplies	6,405	137
-----	-----	Other Including Goods in Transit	22,631	13,840
<u><b>32,922</b></u>	<u><b>40,965</b></u>		<u><b>142,095</b></u>	<u><b>139,809</b></u>
<b>20. Financial Assets at Fair Value</b>				
<b>Current</b>				
-----	-----	Treasury Corporation - Hour-Glass Investment Facilities	70,928	106,306
-----	-----	Other	7,964	11,043
<u>-----</u>	<u>-----</u>		<u><b>78,892</b></u>	<u><b>117,349</b></u>
<b>Non Current</b>				
-----	-----	Treasury Corporation - Hour-Glass Investment Facilities	42,002	36,161
<u>-----</u>	<u>-----</u>		<u><b>42,002</b></u>	<u><b>36,161</b></u>

*Refer to Note 40 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.*

<b>21. Other Financial Assets</b>				
<b>Current</b>				
1,139	8,783	Advances Receivable - Intra Health	-----	-----
<u><b>1,139</b></u>	<u><b>8,783</b></u>		<u>-----</u>	<u>-----</u>
<b>Non-Current</b>				
29,952	15,431	Advances Receivable - Intra Health	-----	-----
<u><b>29,952</b></u>	<u><b>15,431</b></u>		<u>-----</u>	<u>-----</u>

*Refer to Note 40 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.*



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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>22. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
206,988	202,836	Gross Carrying Amount	17,444,887	16,182,672
<u>82,209</u>	<u>74,729</u>	Less Accumulated Depreciation and Impairment	<u>6,877,476</u>	<u>6,836,513</u>
<b><u>124,779</u></b>	<b><u>128,107</u></b>	Net Carrying Amount*	<b><u>10,567,411</u></b>	<b><u>9,346,159</u></b>
<b>Plant and Equipment - Fair Value</b>				
18,623	20,421	Gross Carrying Amount	2,145,396	2,043,796
<u>16,469</u>	<u>16,146</u>	Less Accumulated Depreciation and Impairment	<u>1,199,421</u>	<u>1,173,851</u>
<b><u>2,154</u></b>	<b><u>4,275</u></b>	Net Carrying Amount	<b><u>945,975</u></b>	<b><u>869,945</u></b>
<b>Infrastructure Systems - Fair Value</b>				
-----	-----	Gross Carrying Amount	849,356	712,347
<u>-----</u>	<u>-----</u>	Less Accumulated Depreciation and Impairment	<u>399,854</u>	<u>349,252</u>
<b><u>-----</u></b>	<b><u>-----</u></b>	Net Carrying Amount	<b><u>449,502</u></b>	<b><u>363,095</u></b>
<b>Total Property, Plant and Equipment</b>				
<b><u>126,933</u></b>	<b><u>132,382</u></b>	<b>At Net Carrying Amount</b>	<b><u>11,962,888</u></b>	<b><u>10,579,199</u></b>

\*Significant portion of the increase relates to acquisition of Royal North Shore Hospital Public Private Partnership, refer Note 28, Borrowings.

**22. Property, Plant and Equipment - Reconciliation (Continued)**

**PARENT**

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
<b>2013</b>					
Net Carrying Amount at Start of Year	66,900	61,207	----	4,275	132,382
Additions	----	524	----	213	737
Reclassifications to Intangibles	----	----	----	(841)	(841)
Disposals	----	----	----	(479)	(479)
Net Revaluation Increment Less					
Revaluation Decrements	(9,083)	7,944	----	----	(1,139)
Depreciation Expense	----	(2,713)	----	(1,014)	(3,727)
Net Carrying Amount at End of Year	<b>57,817</b>	<b>66,962</b>	<b>----</b>	<b>2,154</b>	<b>126,933</b>
<b>2012</b>					
Net Carrying Amount at Start of Year	67,060	63,914	----	5,827	136,801
Additions	----	153	----	284	437
Reclassifications to Intangibles	----	----	----	(177)	(177)
Disposals	(160)	----	----	(1,450)	(1,610)
Net Revaluation Increment Less					
Revaluation Decrements	----	618	----	----	618
Depreciation Expense	----	(2,241)	----	(1,446)	(3,687)
Reclassifications	----	(1,237)	----	1,237	----
Net Carrying Amount at End of Year	<b>66,900</b>	<b>61,207</b>	<b>----</b>	<b>4,275</b>	<b>132,382</b>

(i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the Ministry [see note 2(g)].

(ii) Land and Buildings were valued by the Land Property Information (LPI) on 1 July 2012 [see note 2(j)]. LPI is not an employee of the Ministry.

**CONSOLIDATION**

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
<b>2013</b>					
Net Carrying Amount at Start of Year	1,663,949	7,616,577	935,578	363,095	10,579,199
Additions	31,655	1,135,578	330,983	424	1,498,640
Reclassifications to Intangibles	----	----	(841)	----	(841)
Recognition of Assets Held for Sale	(826)	----	----	----	(826)
Disposals	(847)	(62,113)	(23,218)	(16)	(86,194)
Administrative Restructures - Transfers In/(Out)	----	----	7,067	----	7,067
Net Revaluation Increment Less					
Revaluation Decrements	49,447	472,681	989	3,180	526,297
Depreciation Expense	----	(362,391)	(177,755)	(20,308)	(560,454)
Reclassifications	----	23,701	(126,828)	103,127	----
Net Carrying Amount at End of Year	<b>1,743,378</b>	<b>8,824,033</b>	<b>945,975</b>	<b>449,502</b>	<b>11,962,888</b>
<b>2012</b>					
Net Carrying Amount at Start of Year	1,589,643	7,539,483	897,012	344,767	10,370,905
Additions	12,431	535,912	103,430	5,456	657,229
Reclassifications to Intangibles	----	----	(609)	----	(609)
Recognition of Assets Held for Sale	(3,027)	(35,227)	----	----	(38,254)
Disposals	(1,060)	(14,007)	(18,173)	----	(33,240)
Net Revaluation Increment Less					
Decrements Recognised in Reserves	68,411	118,255	----	30,919	217,585
Impairment Losses (Recognised in "Other Gains/Losses")	(2,449)	(75,748)	----	(215)	(78,412)
Depreciation Expense	----	(324,795)	(173,369)	(17,841)	(516,005)
Reclassifications	----	(127,296)	127,287	9	----
Net Carrying Amount at End of Year	<b>1,663,949</b>	<b>7,616,577</b>	<b>935,578</b>	<b>363,095</b>	<b>10,579,199</b>

(i) Land and Buildings include land owned by the Health Administration Corporation, the Ministry or its Controlled entities.

(ii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value.

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>23. Intangible Assets</b>				
<b>Software</b>				
200	377	Cost (Gross Carrying Amount)	547,981	421,264
200	200	Less Accumulated Amortisation and Impairment	158,879	118,500
<u>-----</u>	<u>177</u>	<b>Net Carrying Amount</b>	<u>389,102</u>	<u>302,764</u>
<u>-----</u>	<u>177</u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u>389,102</u>	<u>302,764</u>

**23. Intangibles Reconciliation**

**PARENT**

	Software \$000
<b>2013</b>	
Net Carrying Amount at Start of Year	177
Additions from Internal Development or Acquired Separately	162
Reclassification from Plant & Equipment	841
Amortisation (Recognised in Depreciation and Amortisation)	(118)
Administrative Transfer	(1,062)
<b>Net Carrying Amount at End of Year</b>	<b>-----</b>

	Software \$000
<b>2012</b>	
Net Carrying Amount at Start of Reporting Period	-----
Reclassification From Plant & Equipment	177
<b>Net Carrying Amount at End of Year</b>	<b>177</b>

**CONSOLIDATION**

	Software \$000
<b>2013</b>	
Net Carrying Amount at Start of Year	302,764
Additions (From Internal Development or Acquired Separately)	111,824
Reclassifications from Plant & Equipment	841
Amortisation (Recognised in Depreciation and Amortisation)	(26,327)
<b>Net Carrying Amount at End of Year</b>	<b>389,102</b>

	Software \$000
<b>2012</b>	
Net Carrying Amount at Start of Year	225,226
Additions (From Internal Development or Acquired Separately)	96,346
Reclassifications from Plant & Equipment	609
Amortisation (Recognised in Depreciation and Amortisation)	(19,417)
<b>Net Carrying Amount at End of Year</b>	<b>302,764</b>

Ministry of Health  
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PARENT		CONSOLIDATION	
2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>24. Other Assets</b>			
<b>Non-Current</b>			
-----	-----	37,416	54,411
		Emerging Rights to Assets (refer Note 2(ac))	
-----	-----	<b>37,416</b>	<b>54,411</b>
<b>25. Non-Current Assets Held for Sale</b>			
<b>Assets Held for Sale</b>			
-----	-----	-----	66,638
		Land and Buildings	
-----	-----	-----	33
		Infrastructure Systems	
-----	-----	-----	<b>66,671</b>

No amounts are recognised in equity relating to Non-current assets held for sale.

**26. Restricted Assets**

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

PARENT		CONSOLIDATION	
2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>Category</b>			
-----	-----	386,561	307,712
		Specific Purposes	
-----	-----	9,760	7,052
		Perpetually Invested Funds	
-----	-----	173,917	203,272
		Research Grants	
-----	-----	314,344	290,210
		Private Practice Funds	
-----	-----	85,200	53,271
		Other	
-----	-----	<b>969,782</b>	<b>861,517</b>

Details of Conditions on Contributions appear in Note 15.  
Major categories included in the Consolidation are:

<b>Category</b>	<b>Brief Details of Externally Imposed Conditions</b>
Specific Purposes Trust Funds	Donations, contributions and fundraisings held for the benefit of specific patient, District and/or staff groups.
Perpetually Invested Trust Funds	Funds invested in perpetuity. The income, there from used in accordance with donors' or trustees' instructions for the benefit of patients and/or in support of hospital services.
Research Grants	Specific research grants.
Private Practice Funds	Annual Infrastructure Charges raised in respect of Salaried Medical Officers Rights of Private Practice arrangements.

Ministry of Health  
Notes to and forming part of the Financial Statements  
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PARENT		CONSOLIDATION	
2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>27. Payables</b>			
<b>Current</b>			
1,340	1,332	230,612	195,900
169	294	116,845	139,967
163,722	128,477	818,395	701,774
-----	-----	104,863	110,439
148,735	94,031	-----	-----
<b>313,966</b>	<b>224,134</b>	<b>1,270,715</b>	<b>1,148,080</b>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.*

<b>28. Borrowings</b>			
<b>Current</b>			
-----	-----	2,571	4,799
-----	-----	1,970	2,154
-----	-----	1,277	-----
-----	-----	8,217	7,412
-----	-----	<b>14,035</b>	<b>14,365</b>
<b>Non-Current</b>			
-----	-----	6,647	5,017
-----	-----	4,835	7,206
-----	-----	79,775	82,054
-----	-----	124,499	132,796
-----	-----	162,091	162,091
-----	-----	669,842	49,565
-----	-----	<b>1,047,689</b>	<b>438,729</b>

\*Completed in November 2012. Royal North Shore Hospital Acute Services Building of \$620M has been brought into the accounts of the Ministry of Health as part of a Public Private Partnership.

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.*

<b>29. Provisions</b>			
<b>Current</b>			
5,129	5,731	794,195	693,132
2,482	3,039	601,000	678,093
-----	677	5,304	1,852
-----	-----	10,212	10,041
-----	-----	407	430
1,611	4,238	170,475	178,663
-----	-----	236	-----
<b>9,222</b>	<b>13,685</b>	<b>1,581,829</b>	<b>1,562,211</b>
<b>Non-Current</b>			
-----	46	3,022	3,265
-----	-----	2,407	2,250
304	863	7,364	8,865
-----	-----	2,832	-----
<b>304</b>	<b>909</b>	<b>15,625</b>	<b>14,380</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>			
9,222	13,685	1,581,593	1,562,211
304	909	12,793	14,380
1,509	1,626	347,457	335,867
<b>11,035</b>	<b>16,220</b>	<b>1,941,843</b>	<b>1,912,458</b>

Ministry of Health  
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>30. Other Liabilities</b>		
		<b>Current</b>		
2,427	2,427	Income in Advance	38,370	34,992
-----	-----	Other	30	-----
<u>2,427</u>	<u>2,427</u>		<u>38,400</u>	<u>34,992</u>
		<b>Non-Current</b>		
58,258	60,686	Income in Advance	99,466	104,327
-----	697	Other	3,556	2,128
<u>58,258</u>	<u>61,383</u>		<u>103,022</u>	<u>106,455</u>
		<b>31. Commitments for Expenditure</b>		
		<b>(a) Capital Commitments</b>		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
-----	-----	Not later than one year	585,276	332,378
-----	-----	Later than one year and not later than five years	484,857	571,718
<u>-----</u>	<u>-----</u>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<u>1,070,133</u>	<u>904,096</u>
		<b>(b) Operating Lease Commitments</b>		
		Commitments in relation to future non-cancellable operating leases not provided for and payable:		
-----	-----	Not later than one year	146,712	133,807
-----	-----	Later than one year and not later than five years	255,869	249,301
-----	-----	Later than five years	225,314	179,994
<u>-----</u>	<u>-----</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>627,895</u>	<u>563,102</u>
		<b>The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.</b>		
		<b>(c) Contingent Asset Related to Commitments for Expenditure</b>		
		The total of 'Commitments for Expenditure' above, i.e. \$1,698.0 million as at 30 June 2013 includes input tax credits of \$154.4 million that are expected to be recoverable from the Australian Taxation Office (2012 \$133.4 million).		
		<b>(d) Finance Lease Commitments</b>		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
-----	-----	Not later than one year	64,817	49,086
-----	-----	Later than one year and not later than five years	492,075	198,947
-----	-----	Later than five years	2,478,570	780,935
<u>-----</u>	<u>-----</u>	<b>Minimum Lease Payments</b>	<u>3,035,462</u>	<u>1,028,969</u>
-----	-----	Less: Future Finance Charges	1,982,956	585,691
<u>-----</u>	<u>-----</u>	<b>Present Value of Minimum Lease Payments</b>	<u>1,052,506</u>	<u>443,278</u>
		<b>The present value of finance lease commitments is as follows:</b>		
-----	-----	Not later than one year	11,464	9,566
-----	-----	Later than one year and not later than five years	57,653	49,017
-----	-----	Later than five years	983,389	384,695
<u>-----</u>	<u>-----</u>	<b>Present Value of Minimum Lease Payments</b>	<u>1,052,506</u>	<u>443,278</u>
		<b>Classified as:</b>		
-----	-----	(a) Current (Note 28)	11,464	9,566
-----	-----	(b) Non-Current (Note 28)	1,041,042	433,712
<u>-----</u>	<u>-----</u>		<u>1,052,506</u>	<u>443,278</u>

Ministry of Health  
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**32. Trust Funds (Consolidated)**

The Ministry holds trust fund moneys of \$90.4 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cash Balance at the beginning of the financial year	5,246	7,270	12,898	12,936	74,190	61,165	92,334	81,371
Receipts	8,912	7,657	37,413	20,557	375,363	435,420	421,688	463,634
Expenditure	(8,860)	(9,681)	(38,602)	(20,595)	(376,123)	(422,395)	(423,585)	(452,671)
Cash Balance at the end of the financial year	5,298	5,246	11,709	12,898	73,430	74,190	90,437	92,334

**33. 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 Ministry will be paid in 2013/14. It is not possible for the Ministry to reliably quantify the benefit to be received or amount payable.

**b) Affiliated Health Organisations**

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

However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation.

**c) Public Private Partnerships**

**i) Calvary Mater Newcastle Hospital Public, Private Partnership**

The liability to pay Novacare for the redevelopment of the Mater Hospital is based on a financing arrangement involving CPI-linked finance and fixed finance. An interest rate adjustment will be made as appropriate for the CPI-linked interest component over the project term. The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

**ii) Royal North Shore Hospital Redevelopment Public, Private Partnership**

The liability to pay InfraShore for the development of the Royal North Shore Hospital and health facilities is based on a CPI linked financing arrangement. An adjustment to the PPP capital financing payment will be made in accordance with CPI index over the project term. The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

**iii) Orange Hospital and Associated Health Services Public, Private Partnership**

The liability to pay Pinnacle Healthcare is based on a financing arrangement involving a CPI indexed annuity bond, the capital financing payment will be adjusted in accordance with a CPI index over the project term. The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

**iv) Long Bay Forensic Hospital Public, Private Partnership**

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.

**d) Sydney Local Health District Damages Claim**

A claim was made against the former Central Sydney Area Health Service (now SLHD) by the lessee of a property owned by the District on the Royal Prince Alfred Hospital (RPAH) campus, on which the lessee had agreed to construct a car park and private hospital to be operated by the lessee. The lessee sought damages principally because it claimed its failure to commence construction of the hospital and to complete the car park was caused by the former Area Health Service. That claim failed, however the lessee successfully sought to be restored to possession and is claiming substantial damages for having been kept out of possession. SLHD also has a substantial cross-claim for damages. The matters are before the court. The contingent liability is not able to be reliably quantified at this time.

Ministry of Health  
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>34. Reconciliation of Cash Flows from Operating Activities to Net Result</b>		
82,223	(61,979)	Net Cash Flows from Operating Activities	1,046,017	780,215
(3,845)	(3,687)	Depreciation	(586,781)	(535,422)
(9)	68	Allowance for Impairment	(46,727)	(22,945)
5,069	577	Increase/ (Decrease) in Provisions	(32,432)	(165,332)
(67,952)	104,614	Increase / (Decrease) in Prepayments and Other Assets	120,654	86,237
(91,302)	(12,291)	(Increase)/ Decrease in Creditors	(129,877)	(56,911)
(434)	(264)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(90,612)	(26,103)
-----	-----	Right to Emerging Asset	(16,995)	29,775
-----	-----	Assets Recognised for the First Time	12,099	-----
<u>(76,250)</u>	<u>27,038</u>	<b>Net Result</b>	<u>275,346</u>	<u>89,514</u>
		<b>35. Non-Cash Financing and Investing Activities</b>		
-----	-----	Property, Plant and Equipment Acquired by Finance Lease	620,277	-----
<u>-----</u>	<u>-----</u>		<u>620,277</u>	<u>-----</u>
		<b>36. 2012/13 Voluntary Services</b>		
It is considered impracticable to quantify the monetary value of voluntary services provided to the Ministry. Services provided include:				
* Chaplaincies and Pastoral Care				
* Pink Ladies/Hospital Auxiliaries				
* Patient Support Groups				
* Counselling, Health Education, Transport, Home Help & Patient Activities				
* Patient & Family Support				
* Patient Services, Fund Raising				
* Practical Support to Patients and Relative Community Organisations				



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

<b>NET RESULT</b>	<b>\$M</b>
The actual Net Result was \$73.748M less than the Statement of Comprehensive Income budget result for the 2012/13 year.	
The 2012/13 Statement of Comprehensive Income budget represents the initial budget as allocated by Government at the time of the 2012/13 State Budget presented to Parliament on 12 June 2013.	
A reconciliation of the movements between actual and budgeted net result follows:	
The budgeted movement for the end of year LSL actuarial provision held by the Crown is \$289M compared to the initial budget estimates. The final variation is some \$111M more than the \$178M decrease estimated at the time of preparing the 2013/14 State Budget paper estimates. A major factor in calculating the LSL actuarial results is the movement in the 10 year Commonwealth Bond rate from 3.25% 30 June 2013 estimate advised by NSW Treasury, to a final actual 10 year Commonwealth bond rate of 3.75%.	(289)
Parameter and Technical Adjustments were approved that reflect cashflow changes in the timing of expenses budgeted to occur in 2012-13. These include National Partnership Agreement (NPA's) negotiated and approved during the reporting period as well as non cash expenses (Depreciation) that occurred during the course of normal operating activity.	(29)
Variations in the Crown Acceptance of Employee Benefits revenue budget including the Long Service Leave factors and other crown acceptances referenced above.	311
A net decrease in own source revenues predominately impacted by reduction in Commonwealth SPP grant \$131M, partly offset by improved recoveries from other own source revenues and grants.	11
Gain and Loss on Disposal of Assets, predominately the need to recognise the closure of the "Brown Building" at Royal North Shore Hospital (\$62M) and other losses including bad debts written off (\$46M) and other impairments. The Ministry had budgeted for a loss of \$42million in respect of a proposed transfer of part of Callan Park Land to Leichardt Council, which did not eventuate.	(102)
Other miscellaneous minor variations	24
<b>Variation from budgeted Net Result</b>	<b>(74)</b>
<b>ASSETS AND LIABILITIES</b>	<b>\$M</b>
Net assets exceed budget by \$576M. The major factors are:	
Increase in property, plant and equipment through asset revaluations.	527
Increase in property, plant and equipment through Private Public Partnership arrangement.	620
Increase in borrowings through Private / Public Partnership arrangement.	(620)
Rollover of Commonwealth funds, e.g. National Partnership Agreement monies for Mental Health and Population Health.	42
Other miscellaneous variations	7
<b>Increase above Budgeted Net Assets</b>	<b>576</b>

Ministry of Health  
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**37. Budget Review - Parent and Consolidated**

<b>STATEMENT OF CASH FLOWS</b>	<b>\$M</b>
The actual Net Cash Flows from Operating Activities varied from the budget by \$181M. This includes the net impact of interstate patient flows of \$44M, Sale of Goods and Services \$130M and other miscellaneous movements.	181
The Cash Flow budget applied to Investing Activities varied by \$68M due to the Ministry carrying less financial assets and more short term deposits.	(68)
The Cash Flow from Finance Activities varied by \$0.5M.	0.5

**38. 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 Ministry 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 Ministry.

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.

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

**Parent**

**2011/12**

Net equity of \$45.72 million transferred to the three Health Reform Transitional Organisations as part of the dissolution process.

**2012/13**

An amount of \$1.06 million was transferred to the Health Education and Training Institute as part of a transfer of a service function.

**Consolidated**

**2011/12**

No equity transfers were effective outside of the Ministry in 2011/12.

**2012/13**

From 1 April 2013, Cancer Institute NSW (CINSW) became a controlled entity of the Ministry of Health. CINSW equity of \$51.06 million transferred into the Ministry.

Effective 1 July 2012, an amount of \$24.65 million was transferred to NSW Crown Entity. This cost relates to a portion of long service leave liability borne by the Crown Entity.

Ministry of Health  
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**40. Financial Instruments**

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

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

The Director-General 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 Ministry, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Management and Audit Risk Committee and internal auditors on a continuous basis.

**(a) Financial Instrument Categories**

**PARENT**

Financial Assets Class:	Category	Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Cash and Cash Equivalents (note 17)	N/A	233,534	160,389
Receivables (note 18) *	Loans and receivables (at amortised cost)	43,925	100,796
Other Financial Assets (note 21)	Loans and receivables (at amortised cost)	31,091	24,214
<b>Total Financial Assets</b>		<u><u>308,550</u></u>	<u><u>285,399</u></u>
<b>Financial Liabilities</b>			
Payables (note 27) **	Financial liabilities measured at	313,797	171,316
Other (note 30)	amortised cost	-----	697
<b>Total Financial Liabilities</b>		<u><u>313,797</u></u>	<u><u>172,013</u></u>

*Notes*

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

\*\* Excludes statutory payables and unearned revenue (ie not within scope of AASB 7).

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**40. Financial Instruments**

**CONSOLIDATION**

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2013 \$000	2012 \$000
Cash and Cash Equivalents (note 17)	N/A	1,482,967	1,302,763
Receivables (note 18) *	Loans and receivables (at amortised cost)	406,558	347,546
Financial Assets at Fair Value (note 20)	At fair value through profit or loss (designated as such upon initial recognition)	120,894	153,510
<b>Total Financial Assets</b>		<b>2,010,419</b>	<b>1,803,819</b>
<b>Financial Liabilities</b>			
Borrowings (note 28)	Financial liabilities	1,061,724	453,094
Payables (note 27) **	measured at	1,153,870	1,008,113
Other (note 30)	amortised cost	3,586	2,128
<b>Total Financial Liabilities</b>		<b>2,219,180</b>	<b>1,463,335</b>

*Notes*

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

\*\* Excludes statutory payables and unearned revenue (ie not within scope of AASB 7).

**(b) Credit Risk**

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

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

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

**Cash**

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 2.9% and 3.4% in 2012/13 compared to 3.38% and 5.70% in the previous year. The TCorp Hour-Glass cash facility is discussed in para (d) below.

Ministry of Health  
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**40. Financial Instruments**

**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 Ministry of Health Accounting Manual 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 Ministry 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 Ministry is not materially exposed to concentrations of credit risk to a single or group of trade debtor. Of the total trade debtor balance at year end \$40.564 million (2012: \$99.925 million) for the Parent and and \$356.149 million (2012: \$242.760 million for the Consolidated entity related to debtors that were not considered past due and not considered impaired. Debtors of \$3.361 million (2012: \$0.871 million) for the Parent and \$51.495 million (2012: \$45.974 million) for the Consolidated entity were past due but not considered impaired. Together these represent 100% (2012: 100%) for the Parent and 81.8% (2012: 69.9%) for the Consolidated entity, of total trade debtors.

Most of the debtors of the Ministry and its controlled entities are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

<b>PARENT</b>		<b>\$000</b>	
<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>
<3 months overdue	1,411	1,411	-----
3 months - 6 months overdue	-----	-----	-----
> 6 months overdue	1,950	1,950	-----
	<b>3,361</b>	<b>3,361</b>	-----

<b>2012</b>			
<3 months overdue	759	759	-----
3 months - 6 months overdue	-----	-----	-----
> 6 months overdue	112	112	-----
	<b>871</b>	<b>871</b>	-----

<b>CONSOLIDATED</b>		<b>\$000</b>	
<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>
<3 months overdue	50,752	33,302	17,450
3 months - 6 months overdue	24,587	10,991	13,596
> 6 months overdue	41,018	7,202	33,816
	<b>116,357</b>	<b>51,495</b>	<b>64,862</b>

<b>2012</b>			
<3 months overdue	86,835	71,132	15,703
3 months - 6 months overdue	28,900	16,666	12,234
> 6 months overdue	41,173	10,743	30,430
	<b>156,908</b>	<b>98,541</b>	<b>58,367</b>

**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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**40. Financial Instruments**

**Authority Deposits**

The Ministry has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of between 2.55% and 9.78% (2012: 4.03% and 7.00%), while over the year the weighted average interest rate was between 3.60% and 13.28% (2012: 4.77% and 4.91%). None of these assets are past due or impaired.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Ministry will be unable to meet its payment obligations when they fall due. The Ministry 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 Ministry has negotiated no loan outside of arrangements with the Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral.

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 Ministry of Health and based on NSW TC 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, eg due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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**40. Financial Instruments**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

					Maturity Dates		
	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>PARENT</b>							
<b>2013</b>							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions	1,340	----	----	1,340	1,340	----	----
Creditors	312,457	----	----	312,457	312,457	----	----
	<u>313,797</u>	----	----	<u>313,797</u>	<u>313,797</u>	----	----
<b>2012</b>							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions	1,332	----	----	1,332	1,332	----	----
Creditors	222,508	----	----	222,508	222,508	----	----
Borrowings:							
Other Liabilities	697	----	----	697	697	----	----
	<u>224,537</u>	----	----	<u>224,537</u>	<u>224,537</u>	----	----

<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 Ministry 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.

*Maturity Analysis and interest rate exposure of financial liabilities*

					Maturity Dates			Weighted Average Effective Int. Rate  %
	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>CONSOLIDATED</b>								
<b>2013</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions	230,612	----	----	230,612	230,612	----	----	
Creditors	923,258	----	----	923,258	923,258	----	----	
Borrowings:								
Other Loans and Deposits	3,035,221	3,035,221	----	----	64,395	492,256	2,478,570	9.55
Finance Leases	9,459	9,459	----	----	2,993	6,466	----	6.72
Other Liabilities	3,586	3,586	----	----	3,586	----	----	
	<u>4,202,136</u>	<u>3,048,266</u>	----	<u>1,153,870</u>	<u>1,224,845</u>	<u>498,722</u>	<u>2,478,570</u>	
<b>2012</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions	195,900	----	----	195,900	195,900	----	----	
Creditors	812,213	----	----	812,213	812,213	----	----	
Borrowings:								
Other Loans and Deposits	1,026,389	1,026,389	----	----	50,948	194,505	780,935	9.55
Finance Leases	12,396	12,396	----	----	2,937	9,459	----	6.72
Other Liabilities	2,128	2,128	----	----	2,128	----	----	
	<u>2,049,026</u>	<u>1,040,913</u>	----	<u>1,008,113</u>	<u>1,064,126</u>	<u>203,964</u>	<u>780,935</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 Ministry 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 Ministry's exposures to market risk are primarily through interest rate risk on the Ministry's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Ministry 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 Ministry 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 Ministry's interest bearing liabilities.

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

Both Treasury and Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Ministry 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 Ministry's exposure to interest rate risk is set out below.

PARENT	Carrying Amount \$'000	-1%		+1%	
		Profit	Equity	Profit	Equity
<b>2013</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	233,534	(2,335)	(2,335)	2,335	2,335
Receivables	43,925	----	----	----	----
Other Financial Assets	31,091	----	----	----	----
<b>Financial Liabilities</b>					
Payables	313,797	----	----	----	----
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	160,389	(1,604)	(1,604)	1,604	1,604
Receivables	100,796	----	----	----	----
Other Financial Assets	24,214	----	----	----	----
<b>Financial Liabilities</b>					
Payables	224,134	----	----	----	----
<b>CONSOLIDATED</b>					
<b>2013</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,482,967	(14,830)	(14,830)	14,830	14,830
Receivables	406,558	----	----	----	----
Financial Assets at Fair Value	120,894	(1,209)	(1,209)	1,209	1,209
<b>Financial Liabilities</b>					
Payables	1,153,870	----	----	----	----
Borrowings	1,061,724	----	----	----	----
Other	3,586	36	36	(36)	(36)
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,302,763	(13,028)	(13,028)	13,028	13,028
Receivables	347,546	----	----	----	----
Financial Assets at Fair Value	153,510	(1,535)	(1,535)	1,535	1,535
<b>Financial Liabilities</b>					
Payables	1,008,113	----	----	----	----
Borrowings	453,094	----	----	----	----
Other	2,128	21	21	(21)	(21)



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*Other price risk - TCorp Hour-Glass facilities*

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Ministry has no direct equity investments. The Ministry holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2013	2012
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	16,861	39,936
Strategic cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	41,500	68,607
Medium term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and International shares	3 years to 7 years	6,546	19,243
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and International shares	7 years and over	48,023	25,724

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Ministry's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

	Change in unit price	Impact on profit/loss	
		2013 \$'000	2012 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	169	399
Hour-Glass Investment - Strategic cash facility	+/- 1 to 5%	394	673
Hour-Glass Investment - Medium-term growth facility	+/- 6 to 24%	21	2,355
Hour-Glass Investment - Long-term growth facility	+/- 15 to 22%	9,412	6,347

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

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

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

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**(f) Fair Value recognised in the Statement of Financial Position**

The Ministry uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 - derived from quoted prices in active markets for identical assets/liabilities.

Level 2- derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	112,930	-----	112,930
Treasury Approved Bank Institutions	7,964	-----	-----	7,964

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2013.

**41. Events after the Reporting Period**

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

**END OF AUDITED FINANCIAL STATEMENTS**