



INDEPENDENT AUDITOR'S REPORT

Mid North Coast Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Mid North Coast Local Health District (the District), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the District as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

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

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

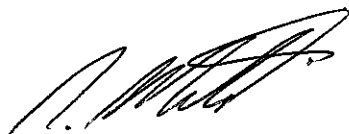
My opinion does *not* provide assurance:

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

Independence

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

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



Steven Martin
Assistant Auditor-General

11 September 2014
SYDNEY

**Mid North Coast Local Health District
Certification of the Financial Statements
for the year ended 30 June 2014**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Mid North Coast Local Health District for the year ended 30 June 2014 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 Mid North Coast Local Health District; and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Stewart Downick
Chief Executive
9 September 2014

Mid North Coast Local Health District
Statement of Comprehensive Income for the year ended 30 June 2014

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual
2014	2014	2013			2014	2014	2013
\$000	\$000	\$000			\$000	\$000	\$000
			Expenses excluding losses				
			Operating Expenses				
----	----	----	Employee Related	3	309,629	302,476	285,903
296,805	289,669	279,466	Personnel Services	4	----	----	----
44,250	45,259	44,495	Visiting Medical Officers		44,250	45,259	44,495
138,499	142,903	138,234	Other Operating Expenses	5	138,499	142,903	138,234
12,959	13,500	12,465	Depreciation and Amortisation	2(i), 6	12,959	13,500	12,465
2,107	1,752	1,896	Grants and Subsidies	7	2,107	1,752	1,896
21	----	12	Finance Costs	8	21	----	12
494,641	493,083	476,568	Total Expenses excluding losses		507,465	505,890	483,005
			Revenue				
411,190	411,188	396,168	NSW Ministry of Health Recurrent Allocations	2(d)	411,190	411,188	396,168
88,960	89,909	38,732	NSW Ministry of Health Capital Allocations	2(d)	88,960	89,909	38,732
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	12,824	12,807	6,437
57,669	55,766	58,851	Sale of Goods and Services	9	57,669	55,766	58,851
1,091	215	993	Investment Revenue	10	1,091	215	993
12,165	10,154	11,325	Grants and Contributions	11	12,165	10,154	11,325
1,523	1,285	651	Other Revenue	13	1,523	1,285	651
572,598	568,517	506,720	Total Revenue		585,422	581,324	513,157
178	990	(450)	Gain / (Loss) on Disposal	14	178	990	(450)
(141)	(1,584)	(940)	Other Gains / (Losses)	15	(141)	(1,584)	(940)
77,994	74,840	28,762	Net Result	32	77,994	74,840	28,762
			Other Comprehensive Income				
----	----	----	Total Other Comprehensive Income		----	----	----
77,994	74,840	28,762	TOTAL COMPREHENSIVE INCOME		77,994	74,840	28,762

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Statement of Financial Position as at 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2014 \$000	2014 \$000	2013 \$000		2014 \$000	2014 \$000	2013 \$000
ASSETS						
Current Assets						
28,001	24,466	29,472	18	28,001	24,466	29,472
15,719	14,913	14,900	19	15,719	14,913	14,900
747	707	707	20	747	707	707
<u>44,467</u>	<u>40,086</u>	<u>45,079</u>		<u>44,467</u>	<u>40,086</u>	<u>45,079</u>
645	----	----	22	645	----	----
45,112	40,086	45,079		45,112	40,086	45,079
Total Current Assets						
Non-Current Assets						
----	77	77	19	----	77	77
Property, Plant & Equipment						
349,555	350,936	269,428	21	349,555	350,936	269,428
17,485	18,263	17,163	21	17,485	18,263	17,163
8,852	9,131	9,279	21	8,852	9,131	9,279
<u>375,892</u>	<u>378,330</u>	<u>295,870</u>		<u>375,892</u>	<u>378,330</u>	<u>295,870</u>
375,892	378,407	295,947		375,892	378,407	295,947
Total Non-Current Assets						
421,004	418,493	341,026		421,004	418,493	341,026
Total Assets						
LIABILITIES						
Current Liabilities						
41,146	42,357	41,443	25	41,146	42,357	41,443
14	39	239	26	14	39	239
41,580	40,587	38,714	27	41,580	40,587	38,714
210	239	239	28	210	239	239
<u>82,950</u>	<u>83,222</u>	<u>80,635</u>		<u>82,950</u>	<u>83,222</u>	<u>80,635</u>
Total Current Liabilities						
Non-Current Liabilities						
69	94	94	26	69	94	94
241	241	202	27	241	241	202
----	345	345	28	----	345	345
<u>310</u>	<u>680</u>	<u>641</u>		<u>310</u>	<u>680</u>	<u>641</u>
Total Non-Current Liabilities						
83,260	83,902	81,276		83,260	83,902	81,276
Total Liabilities						
337,744	334,591	259,750		337,744	334,591	259,750
Net Assets						
EQUITY						
3,696	3,696	3,696		3,696	3,696	3,696
334,048	330,895	256,054		334,048	330,895	256,054
<u>337,744</u>	<u>334,591</u>	<u>259,750</u>		<u>337,744</u>	<u>334,591</u>	<u>259,750</u>
Total Equity						

The accompanying notes form part of these financial statements.

**Mid North Coast Local Health District
Statement of Changes in Equity for the year ended 30 June 2014**

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2013		256,054	3,696	259,750
Total Equity at 1 July 2013		256,054	3,696	259,750
Net Result for the year		77,994		77,994
Other Comprehensive Income:				
-Transfers on Disposal		----	----	----
Total Other Comprehensive Income		----	----	----
Total Comprehensive Income for the year		77,994	----	77,994
Balance at 30 June 2014		334,048	3,696	337,744
Balance at 1 July 2012		226,705	3,696	230,401
Total Equity at 1 July 2012		226,705	3,696	230,401
Net Result for the year		28,762		28,762
Other Comprehensive Income:				
Total Other Comprehensive Income		----	----	----
Total Comprehensive Income for the year		28,762	----	28,762
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	587	----	587
Balance at 30 June 2013		256,054	3,696	259,750

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Statement of Cash Flows for the year ended 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2014	2014	2013		2014	2014	2013
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---		(297,404)	(291,514)	(282,959)
(2,333)	(1,978)	(2,102)		(2,333)	(1,978)	(2,102)
(11)	---	(12)		(11)	---	(12)
(494,819)	(496,905)	(471,156)		(197,415)	(205,391)	(188,197)
(497,163)	(498,883)	(473,270)		(497,163)	(498,883)	(473,270)
Receipts						
411,190	411,188	396,168		411,190	411,188	396,168
88,960	89,909	38,732		88,960	89,909	38,732
4,273	4,273	6,437		4,273	4,273	6,437
54,427	55,566	54,807		54,427	55,566	54,807
1,091	215	993		1,091	215	993
13,783	11,772	13,138		13,783	11,772	13,138
15,676	16,124	15,310		15,676	16,124	15,310
589,400	589,047	525,585		589,400	589,047	525,585
92,237	90,164	52,315		92,237	90,164	52,315
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
103	---	111		103	---	111
(93,551)	(94,970)	(42,088)		(93,551)	(94,970)	(42,088)
(93,448)	(94,970)	(41,977)		(93,448)	(94,970)	(41,977)
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
(260)	(200)	(132)		(260)	(200)	(132)
(260)	(200)	(132)		(260)	(200)	(132)
NET CASH FLOWS FROM FINANCING ACTIVITIES						
(1,471)	(5,006)	10,206		(1,471)	(5,006)	10,206
29,472	29,472	19,266		29,472	29,472	19,266
28,001	24,466	29,472		28,001	24,466	29,472
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Service Group Statements
for the year ended 30 June 2014

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Expenses excluding losses																								
Operating Expenses																								
Employee Related	15,791	15,267	1,858	1,400	32,821	27,361	39,633	42,228	142,739	127,599	23,841	26,246	35,607	37,568	9,908	1,944	7,431	6,290			309,629	285,903		
Visiting Medical Officers	487	383	(1)	4	752	614	3,319	3,933	32,130	32,657	2,788	3,110	3,230	3,324	44	(4)	974	1,001			44,250	44,495		
Other Operating Expenses	5,678	3,705	279	208	20,636	17,196	13,988	18,482	73,681	79,028	7,063	6,967	13,019	10,727	2,493	691	1,662	1,230			138,499	136,234		
Depreciation and Amortisation	583	541	38	30	1,986	2,037	1,231	1,526	6,117	5,826	1,089	949	1,464	1,440	415	87	26	29			12,959	12,465		
Grants and Subsidies	230	648	22	1	662	2	2	2	15	15	487	521	2	2	685	726	2	2			2,107	1,896		
Finance Costs	1	1			2	1	2	2	11	11	6	2	2	2	1	1					21	12		
Total Expenses excluding losses	22,770	20,545	2,196	1,643	56,869	47,209	58,175	66,171	255,220	244,589	35,270	37,794	53,324	53,060	13,546	3,444	10,095	8,550			507,465	483,005		
Revenue																								
NSW Ministry of Health Recurrent Allocations **																					411,190	396,168	411,190	396,168
NSW Ministry of Health Capital Allocations **																					88,960	38,732	88,960	38,732
Acceptance by the Crown Entity of Employee Benefits and Other Liabilities	654	344	78	30	1,359	616	1,641	951	5,912	2,873	987	591	1,475	846	410	44	308	142			12,824	6,437		
Sale of Goods and Services	87	930	4	9	18,339	12,029	450	1,254	27,099	33,639	744	618	10,994	10,364	6	2	6	6			57,669	58,051		
Investment Revenue	7	2	1	1	246	192	24	22	563	610	24	1	221	165	2	2	3				1,091	993		
Grants and Contributions	1,096	590	239	245	3,269	1,247	612	82	1,423	1,253	338	143	4,821	5,943	240	206	127	1,626			12,165	11,325		
Other Revenue	16	63	2	1	332	44	46	68	778	347	40	67	302	50	3	9	4	2			1,523	651		
Total Revenue	1,860	1,919	324	286	23,545	14,128	2,773	2,377	35,775	38,722	2,133	1,420	17,753	17,368	661	261	448	1,776			585,422	513,157		
Gain / (Loss) on Disposal	2	(44)	1	(1)	39	(30)	5	(47)	91	(240)	5	(46)	35	(35)		(6)		(1)			178	(460)		
Other Gains / (Losses)	(2)	(91)		(3)	(31)	(63)	(4)	(98)	(72)	(501)	(4)	(96)	(28)	(73)		(12)		(3)			(141)	(940)		
Net Result	(20,910)	(18,761)	(1,871)	(1,361)	(33,316)	(33,174)	(55,401)	(63,939)	(219,426)	(206,608)	(33,136)	(36,516)	(35,564)	(35,800)	(12,885)	(3,201)	(9,647)	(6,778)			434,900	28,762		
Other Comprehensive Income																								
Total Other Comprehensive Income																								
Total Comprehensive Income	(20,910)	(18,761)	(1,871)	(1,361)	(33,316)	(33,174)	(55,401)	(63,939)	(219,426)	(206,608)	(33,136)	(36,516)	(35,564)	(35,800)	(12,885)	(3,201)	(9,647)	(6,778)			500,150	434,900	77,994	28,762

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

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

Mid North Coast Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2014

DISTRICT ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																					
Current Assets																					
Cash and Cash Equivalents	1,256	1,254	122	99	3,138	2,881	3,210	4,038	14,083	14,924	1,946	2,306	2,942	3,238	747	210	557	522	28,001	29,472	
Receivables	24	235		4	4,999	3,046	123	317	7,386	8,517	203	156	2,980	2,624	2		2	1	15,719	14,900	
Inventories	31	19		3	111	88	75	95	397	404	38	36	70	55	13	4	9	6	747	707	
Non-Current Assets Held for Sale	29			3	99		61		304		54		73		21		1		645		
Total Current Assets	1,340	1,508	128	103	8,347	6,015	3,469	4,450	22,170	23,845	2,241	2,498	6,065	5,917	783	214	569	529	45,112	45,079	
Non-Current Assets																					
Receivables		1		(1)		16		2		44		1		14							77
Property, Plant and Equipment																					
- Land and Buildings	15,730	11,693	1,048	673	53,631	44,025	33,208	32,978	164,990	125,931	29,363	20,503	39,500	31,119	11,186	1,886	699	620	349,555	269,426	
- Plant and Equipment	787	745	51	44	2,693	2,804	1,661	2,101	8,253	8,022	1,469	1,306	1,976	1,982	560	120	35	39	17,485	17,163	
- Infrastructure Systems	398	403	27	23	1,363	1,516	841	1,136	4,178	4,337	744	706	1,000	1,072	283	65	18	21	8,852	9,279	
Total Non-Current Assets	15,915	12,842	1,126	739	57,687	48,351	35,710	35,217	177,421	138,334	31,576	22,516	42,476	34,187	12,029	2,071	752	680	375,892	295,947	
TOTAL ASSETS	18,255	14,350	1,254	842	66,234	54,376	39,179	40,667	199,591	162,179	33,817	25,014	48,541	40,104	12,812	2,285	1,321	1,209	421,004	341,026	
LIABILITIES																					
Current Liabilities																					
Payables	1,687	1,111	81	61	6,131	5,156	4,156	5,541	21,890	23,693	2,098	2,089	3,666	3,216	741	207	494	369	41,146	41,443	
Borrowings	1	10		1	2	23	2	33	7	121	1	19	1	26	2	2	4	4	14	239	
Provisions	2,121	2,067	249	190	4,407	3,705	5,322	5,718	19,168	17,278	3,202	3,554	4,782	5,087	1,331	263	998	852	41,580	38,714	
Other	9	10		1	24	23	24	33	108	121	15	19	22	26	6	2	4	4	210	239	
Total Current Liabilities	3,918	3,198	330	253	10,564	8,907	9,504	11,325	41,171	41,213	5,316	5,681	8,673	8,355	2,078	474	1,496	1,229	82,950	80,635	
Non-Current Liabilities																					
Borrowings	3	4			8	9	8	13	35	48	5	7	7	10	2	1	1	2	69	94	
Provisions	12	11		1	26	19	31	30	111	90	19	19	28	27	8	1	6	4	241	202	
Other		15		1	34	34	47	47	175	175	27	27	38	38	2	2	6	6	345	345	
Total Non-Current Liabilities	15	30	2	2	34	62	39	90	146	313	24	53	35	75	10	4	7	12	310	641	
TOTAL LIABILITIES	3,933	3,228	330	255	10,598	8,969	9,543	11,415	41,317	41,526	5,340	5,734	8,708	8,430	2,088	478	1,503	1,241	83,260	81,276	
NET ASSETS	14,422	11,122	924	587	55,636	45,407	29,636	29,252	158,274	120,653	28,477	19,280	39,833	31,674	10,724	1,807	(182)	(32)	337,744	259,750	

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

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

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

- * The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Special Purposes Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Mid North Coast Local Health District Special Purpose Service Entity which was established as a Division of the Health Service on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

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

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

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive on 9 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010, and the Treasurers' Directions. Apart from the basis for the District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ac).

The financial statements of the District have been prepared on a going concern basis.

The Secretary of Health, the Chair of Mid North Coast Local Health District Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under the District's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the District fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other circumstances why the going concern is appropriate include:

- * Appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The District has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.
- * The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the District and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.5% are applied to the value of leave payable at 30 June 2014 (comparable on-costs for 30 June 2013 were 14.9%). The District has assessed the actuarial advice based on the District's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

ii) Long Service Leave and Superannuation

The District's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 27.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

iii) Consequential On-Costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of workers' compensation insurance premiums and fringe benefits tax.

iv) Other Provisions

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

b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

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

Patient Fees

Patient fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

High Cost Drugs

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

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 District, 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 District 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 AASB 139, Financial Instruments: Recognition and Measurement.

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the District's right to receive payment is established.

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

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

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

- * amount of GST incurred by the District as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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 are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

f) Interstate Patient Flows

Interstate patient flows are funded through the State Pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation.

g) Acquisition of Assets

Assets acquired are initially recognised at cost. 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(z)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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

Land and buildings which are owned by the Health Administration Corporation or the State and administered by the District are deemed to be controlled by the District and are reflected as such in the financial statements.

h) Capitalisation Thresholds

Individual items of Property, Plant & Equipment are capitalised where their cost is \$10,000 or above.

i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the District. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their 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 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 21 and Note 23 for further information regarding fair value.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District was completed in the 1 July 2011 financial year and was based on an independent assessment.

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

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the net result for the year, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

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

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus 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, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

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

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs of disposal. 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 District does not have any property that meets the definition of Investment Property.

o) Intangible Assets

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

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

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

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

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

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

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.

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. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

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

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

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

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

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

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

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

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 District has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'.

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

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

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

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

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 entity will not be able to collect all amounts due.

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

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

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

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 District transfers the financial asset:

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

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

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

w) Payables

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

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

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

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.

y) Fair Value Hierarchy

A number of the District's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the District categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- * Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- * Level 3 – inputs that are not based on observable market data (unobservable inputs).

The District recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 23 and Note 37 for further disclosures regarding fair value measurements of financial and non-financial assets.

z) 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 AASB 1004, Contributions and Australian Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

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 District recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the District does not recognise that asset.

aa) Equity and Reserves

(i) Accumulated Funds

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

(ii) Revaluation Surplus

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

(iii) Separate Reserves

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

ab) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 30.

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

ac) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

ad) Service Group Statements Allocation Methodology

Using the statistical data for twelve months ending 30 June 2013, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2013-14 year.

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

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

ae) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 January 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. No impact to prior year values, increased note disclosures, refer note 23.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 3 and 27.

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. Minor Adjustment has been made to note 37.

(ii) Issued but not yet 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 2010-7, regarding Financial Instruments has 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 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 profit entities, the changes have application from 1 July 2014. Based on the initial high level assessment performed by the Ministry of Health, this standard has been assessed as having no material effect. The District in conjunction with the Ministry will be performing a detailed review of the impact of the standard to assess if any small foundations, trust or any other type of entities are controlled, noting if such relationship exists, it is still likely to be immaterial.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted for whole of government reporting.

AASB 9, Financial Instruments, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

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 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments has application from 1 July 2014.

AASB 2014-1, Amendments to Australian Accounting Standards is a summary of changes and impacts on wording arising from changes in other standards issued by the Australian Accounting Standards Board which have been already assessed above. This standard has application from 1 July 2014.

2014-02. Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure

AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements which should have minimal impact due to exemptions not applying to General Government Sector Entities. This standard has application from 1 July 2014.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	198,593	186,257
----	----	Overtime	8,429	9,149
----	----	Penalties	19,637	18,886
----	----	Superannuation - Defined Benefit Plans	2,530	2,516
----	----	Superannuation - Defined Contribution Plans	22,747	20,334
----	----	Long Service Leave	11,065	3,907
----	----	Annual Leave	26,118	23,700
----	----	Sick Leave and Other Leave	14,686	13,655
----	----	Redundancies	362	98
----	----	Workers' Compensation Insurance	5,462	7,276
----	----	Fringe Benefits Tax	----	125
----	----		309,629	285,903
The following additional information is provided:				
----	----	Employee Related Expenses Capitalised - Land and Buildings	839	764
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
198,593	186,257	Salaries and Wages	----	----
8,429	9,149	Overtime	----	----
19,637	18,886	Penalties	----	----
22,747	20,334	Superannuation - Defined Contribution Plans	----	----
771	(14)	Long Service Leave	----	----
26,118	23,700	Annual Leave	----	----
14,686	13,655	Sick Leave and Other Leave	----	----
362	98	Redundancies	----	----
5,462	7,276	Workers' Compensation Insurance	----	----
----	125	Fringe Benefits Tax	----	----
296,805	279,466		----	----
The following additional information is provided:				
839	764	Personnel Services Expenses Capitalised - Land and Buildings	----	----
5. Other Operating Expenses				
107	152	Advertising	107	152
157	144	Auditor's Remuneration - Audit of Financial Statements	157	144
1,941	2,062	Blood and Blood Products	1,941	2,062
30	12	Capital Project Expense	30	12
288	231	Consultancies	288	231
5,848	5,225	Domestic Supplies and Services	5,848	5,225
19,363	17,445	Drug Supplies	19,363	17,445
10,329	10,039	Food Supplies	10,329	10,039
4,836	4,904	Fuel, Light and Power	4,836	4,904
12,473	11,286	Other (See (a) below)	12,473	11,286
7,309	8,118	Hospital Ambulance Transport Costs	7,309	8,118
5,018	4,509	Information Management Expenses	5,018	4,509
269	498	Insurance	269	498
9,495	11,800	Maintenance (See (b) below)	9,495	11,800
26,193	24,540	Medical and Surgical Supplies	26,193	24,540
1,115	1,029	Motor Vehicle Expenses	1,115	1,029
1,689	895	Postal and Telephone Costs	1,689	895
1,192	1,181	Printing and Stationery	1,192	1,181
554	539	Rates and Charges	554	539
2,226	2,418	Rental	2,226	2,418
22,399	25,017	Special Service Departments	22,399	25,017
3,312	3,741	Staff Related Costs	3,312	3,741
2,356	2,449	Travel Related Costs	2,356	2,449
138,499	138,234		138,499	138,234

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		(a) Other Includes:		
54	167	Contract for Patient Services	54	167
2,438	2,121	Corporate Support Services	2,438	2,121
370	363	Courier and Freight	370	363
2,703	3,190	Isolated Patient Travel and Accommodation Assistance Scheme	2,703	3,190
482	698	Legal Services	482	698
174	105	Membership/Professional Fees	174	105
1,124	1,100	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,124	1,100
1,490	1,317	Other Operating Lease Expense - Minimum Lease Payments	1,490	1,317
(53)	60	Quality Assurance/Accreditation	(53)	60
435	489	Security Services	435	489
3,256	1,676	Other Miscellaneous	3,256	1,676
12,473	11,286		12,473	11,286
		(b) Reconciliation of Total Maintenance		
4,263	4,529	Maintenance Contracts	4,263	4,529
3,340	4,447	New/Replacement Equipment under \$10,000	3,340	4,447
1,878	2,815	Repairs Maintenance/Non Contract	1,878	2,815
14	9	Other	14	9
		Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	9,495	11,800
9,495	11,800	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	1,606	1,410
1,606	1,410	Total Maintenance Expenses	11,101	13,210
11,101	13,210			

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
8,640	8,373	Depreciation - Buildings	8,640	8,373
3,871	3,644	Depreciation - Plant and Equipment	3,871	3,644
448	448	Depreciation - Infrastructure Systems	448	448
<u>12,959</u>	<u>12,465</u>		<u>12,959</u>	<u>12,465</u>
7. Grants and Subsidies				
1,083	1,069	Non-Government Organisations	1,083	1,069
25	-----	Grants to Research Organisations	25	-----
999	827	Other Grants	999	827
<u>2,107</u>	<u>1,896</u>		<u>2,107</u>	<u>1,896</u>
8. Finance Costs				
11	12	Interest on Loans	11	12
10	-----	Other Interest Charges	10	-----
<u>21</u>	<u>12</u>		<u>21</u>	<u>12</u>

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Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
9. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
110	124	Pharmacy Sales	110	124
1,468	1,291	Sale of Prosthesis	1,468	1,291
137	123	Other	137	123
 (b) Rendering of Services comprise the following:-				
		Patient Fees		
15,673	15,210	- Inpatient Fees	15,673	15,210
426	439	- Nursing Home Fees	426	439
392	421	- Non Inpatient Fees	392	421
13,363	16,799	Department of Veterans' Affairs	13,363	16,799
(8)	17	Staff-Meals and Accommodation	(8)	17
4,331	3,713	Infrastructure Fees - Monthly Facility Charge	4,331	3,713
1,523	1,463	- Annual Charge	1,523	1,463
14	(40)	Cafeteria/Kiosk	14	(40)
----	1	Car Parking	----	1
630	1,151	Clinical Services (excluding Clinical Drug Trials)	630	1,151
383	583	Commercial Activities	383	583
3	1	Enteral Nutrition Income	3	1
57	60	Fees for Medical Records	57	60
1	----	Information Retrieval	1	----
10,001	8,733	High Cost Drugs	10,001	8,733
54	58	Linen Service Revenues - Non Health Services	54	58
3,374	3,124	Motor Accident Authority Third Party	3,374	3,124
88	92	Private Use of Motor Vehicles	88	92
237	219	Salary Packaging Fee	237	219
4,654	4,598	Hosted services provided to Other LHDs	4,654	4,598
75	82	Services Provided to Non NSW Health Organisations	75	82
683	589	Other	683	589
57,669	58,851		57,669	58,851
 10. Investment Revenue				
1,091	993	Interest	1,091	993
1,091	993		1,091	993

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
11. Grants and Contributions				
734	871	Clinical Drug Trials	734	871
4,098	5,486	Commonwealth Government Grants	4,098	5,486
928	1,081	Industry Contributions/Donations	928	1,081
872	1,177	Cancer Institute Grants	872	1,177
2,165	1,630	NSW Government Grants	2,165	1,630
51	40	Research Grants	51	40
3,317	1,040	Other Grants	3,317	1,040
<u>12,165</u>	<u>11,325</u>		<u>12,165</u>	<u>11,325</u>
 12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	2,530	2,516
----	----	Long Service Leave	10,294	3,921
<u>----</u>	<u>----</u>		<u>12,824</u>	<u>6,437</u>
 13. Other Revenue				
Other Revenue comprises the following:-				
36	36	Commissions	36	36
2	(31)	Conference and Training Fees	2	(31)
85	2	Insurance Refunds	85	2
175	115	Lease and Rental Income	175	115
19	25	Sale of Merchandise, Old Wares and Books	19	25
81	59	Sponsorship Income	81	59
1,125	445	Other	1,125	445
<u>1,523</u>	<u>651</u>		<u>1,523</u>	<u>651</u>

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
14. Gain / (Loss) on Disposal				
1,021	2,650	Property, Plant and Equipment	1,021	2,650
<u>1,096</u>	<u>2,089</u>	Less: Accumulated Depreciation	<u>1,096</u>	<u>2,089</u>
(75)	561	Written Down Value	(75)	561
103	111	Less: Proceeds from Disposal	103	111
<u>178</u>	<u>(450)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>178</u>	<u>(450)</u>
<u>178</u>	<u>(450)</u>	Total Gain/(Loss) on Disposal	<u>178</u>	<u>(450)</u>
15. Other Gains / (Losses)				
(141)	(940)	Impairment of Receivables	(141)	(940)
<u>(141)</u>	<u>(940)</u>		<u>(141)</u>	<u>(940)</u>

Mid North Coast Local Health District
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16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	1,389	2,335	1,201	4,925
Contributions recognised in previous years which were not expended in the current reporting period	7,208	3,038	1,334	11,580
Total amount of unexpended contributions as at balance date	8,597	5,373	2,535	16,505

Comment on restricted assets appears in Note 24

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

17. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - 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.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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Service Group 3.1 - Mental Health Services

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		18. Cash and Cash Equivalents		
28,001	29,472	Cash at Bank and On Hand	28,001	29,472
28,001	29,472		28,001	29,472
		For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.		
		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:		
28,001	29,472	Cash and Cash Equivalents (per Statement of Financial Position)	28,001	29,472
28,001	29,472	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	28,001	29,472

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
19. Receivables				
Current				
5,651	5,092	Sale of Goods and Services	5,651	5,092
4,102	4,442	Intra Health Receivables	4,102	4,442
2,653	2,892	Goods and Services Tax	2,653	2,892
3,042	2,389	Other Debtors	3,042	2,389
<u>15,448</u>	<u>14,815</u>	Sub Total	<u>15,448</u>	<u>14,815</u>
(421)	(318)	Less Allowance for Impairment	(421)	(318)
<u>15,027</u>	<u>14,497</u>	Sub Total	<u>15,027</u>	<u>14,497</u>
692	403	Prepayments	692	403
<u><u>15,719</u></u>	<u><u>14,900</u></u>		<u><u>15,719</u></u>	<u><u>14,900</u></u>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(306)	(135)	Balance at Commencement of Reporting Period	(306)	(135)
119	691	Amounts written off during the period	119	691
41	(861)	(Increase)/decrease in Allowance Recognised in the Income Statement	41	(861)
<u>(146)</u>	<u>(306)</u>	Balance at 30 June	<u>(146)</u>	<u>(306)</u>
(b) Movement in the Allowance for Impairment				
Other Debtors				
(12)	(36)	Balance at Commencement of Reporting Period	(12)	(36)
(82)	103	Amounts written off during the period	(82)	103
(182)	(78)	(Increase)/decrease in Allowance Recognised in the Income Statement	(182)	(78)
<u>(275)</u>	<u>(12)</u>	Balance at 30 June	<u>(275)</u>	<u>(12)</u>
<u><u>(421)</u></u>	<u><u>(318)</u></u>		<u><u>(421)</u></u>	<u><u>(318)</u></u>
Non-Current				
-----	77	Sale of Goods and Services	-----	77
-----	77	Sub Total	-----	77
<u><u>-----</u></u>	<u><u>77</u></u>		<u><u>-----</u></u>	<u><u>77</u></u>
The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
82	385	Patient Fees - Compensable	82	385
140	161	Patient Fees - Ineligible	140	161
2,397	2,338	Patient Fees - Inpatient & Other	2,397	2,338
<u><u>2,619</u></u>	<u><u>2,884</u></u>		<u><u>2,619</u></u>	<u><u>2,884</u></u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

Mid North Coast Local Health District
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2014 **2013**
\$000 **\$000**

2014 **2013**
\$000 **\$000**

20. Inventories - Current - Held for Distribution

<u>747</u>	<u>707</u>		<u>747</u>	<u>707</u>
<u>747</u>	<u>707</u>	Drugs	<u>747</u>	<u>707</u>

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
21. Property, Plant and Equipment				
		Land and Buildings - Fair Value		
501,968	413,201	Gross Carrying Amount	501,968	413,201
152,413	143,773	Less: Accumulated Depreciation and Impairment	152,413	143,773
<u>349,555</u>	<u>269,428</u>	Net Carrying Amount	<u>349,555</u>	<u>269,428</u>
		Plant and Equipment - Fair Value		
44,971	41,875	Gross Carrying Amount	44,971	41,875
27,486	24,712	Less: Accumulated Depreciation and Impairment	27,486	24,712
<u>17,485</u>	<u>17,163</u>	Net Carrying Amount	<u>17,485</u>	<u>17,163</u>
		Infrastructure Systems - Fair Value		
17,964	17,943	Gross Carrying Amount	17,964	17,943
9,112	8,664	Less: Accumulated Depreciation and Impairment	9,112	8,664
<u>8,852</u>	<u>9,279</u>	Net Carrying Amount	<u>8,852</u>	<u>9,279</u>
<u>375,892</u>	<u>295,870</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>375,892</u>	<u>295,870</u>

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21. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2014					
Net Carrying Amount at Start of Year	20,724	248,704	17,163	9,279	295,870
Additions	----	90,042	4,117	21	94,180
Recognition of Assets Held for Sale	(645)	----	----	----	(645)
Disposals	----	----	76	----	76
Depreciation Expense	----	(8,640)	(3,871)	(448)	(12,959)
Reclassifications	----	(630)	----	----	(630)
Net Carrying Amount at End of Year	20,079	329,476	17,485	8,852	375,892

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2013					
Net Carrying Amount at Start of Year	20,724	218,152	18,156	9,722	266,754
Additions	----	38,925	3,212	5	42,142
Disposals	----	----	(561)	----	(561)
Depreciation Expense	----	(8,373)	(3,644)	(448)	(12,465)
Reclassifications	----	----	----	----	----
Net Carrying Amount at End of Year	20,724	248,704	17,163	9,279	295,870

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 23.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Indices provided by Corporeal Pty Ltd were not applied as immaterial.

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
22. Non-Current Assets (or Disposal Groups) Held for Sale				
		Assets Held for Sale		
645	-----	Land and Buildings	645	-----
645	-----		645	-----

The non-current assets held for sale constitute assets that are surplus to requirements and is actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale in the next twelve months.

Three properties (two at Coffs Harbour and one at Port Macquarie) have been identified as non-core assets and subsequently approved for disposal. Contracts for sale are currently being prepared, valuations are being sought and agent quotes are being received. It is anticipated that these three properties will be listed for sale in August 2014.

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23. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for the following has not been provided as permitted by the transitional provisions of the new standard.

a) Fair Value Hierarchy	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2014				
Property, Plant and Equipment (Note 21)*				
- Land and Buildings	----	138,577	210,978	349,555
- Infrastructure Systems	----	----	8,852	8,852
Non-Current Assets (or Disposal Groups) Held for Sale (Note 22)	----	645	----	645
	----	139,222	219,830	359,052

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

*For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant and Equipment are not required to be reported under the fair value hierarchy.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure the District obtains external valuations by independent valuers every three years. The last revaluation was performed by Corporeal Pty Ltd for the 2011/12 financial year. Corporeal Pty Ltd is an independent entity and is not an employee of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 21 reconciliation.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The following non-current assets categorised in a) above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

All of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations.

All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs although these lands are not identical.

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

Work in Progress and Newly Completed Buildings is categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer a identical correlation with the "shelf product".

Non-Current Assets Held for Sale is a non-recurring item that is measured at fair value less cost to sell, which is less than its carrying amount. These assets are categorised as level 2.

Level 3 disclosures:

Buildings and Infrastructure

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual building and infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations. The useful economic life of the assets is initially assessed at 40 years. The remaining economic life is assessed based upon physical depreciation and obsolescence. The district provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed over the past four years have been included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The District is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT & CONSOLIDATION

23. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements	Land and Buildings \$000	Infrastructure \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2013	214,728	9,279	224,007
Additions	4,810	21	4,831
Depreciation	(8,560)	(448)	(9,008)
Fair value as at 30 June 2014	<u>210,978</u>	<u>8,852</u>	<u>219,830</u>

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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**2014
\$000**

**2013
\$000**

**2014
\$000**

**2013
\$000**

24. Restricted Assets

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

Category

2,535	1,540	Other
8,597	7,314	Purchase of Assets
5,373	5,611	Health Promotion Education & Research

2,535	1,540
8,597	7,314
5,373	5,611

16,505

14,465

16,505

14,465

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		25. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	5,233	4,323
----	----	Taxation and Payroll Deductions	2,661	2,378
7,894	6,701	Accrued Liability - Purchase of Personnel Services	----	----
16,680	19,893	Creditors	16,680	19,893
		Other Creditors		
13	13	- Capital Works	13	13
4,997	4,330	- Intra Health Liability	4,997	4,330
11,562	10,506	- Other	11,562	10,506
41,146	41,443		41,146	41,443

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

		26. Borrowings		
		Current		
14	239	Other Loans and Deposits	14	239
14	239		14	239
		Non-Current		
69	94	Other Loans and Deposits	69	94
69	94		69	94

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

Final Repayment is scheduled for 31 December 2019

Other loans still to be extinguished represent monies to be repaid to NSW Treasury.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
27. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	26,300	24,800
----	----	Annual Leave - Long Term Benefit	10,703	10,069
----	----	Long Service Leave Consequential On-Costs	4,577	3,845
41,580	38,714	Provision for Personnel Services Liability	----	----
41,580	38,714	Total Current Provisions	41,580	38,714
Non-Current				
----	----	Long Service Leave Consequential On-Costs	241	202
241	202	Provision for Personnel Services Liability	----	----
241	202	Total Non-Current Provisions	241	202
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	41,580	38,714
----	----	Provisions - Non-Current	241	202
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	7,894	6,701
49,715	45,617	Liability - Purchase of Personnel Services	----	----
49,715	45,617		49,715	45,617
28. Other Liabilities				
Current				
210	239	Income in Advance	210	239
210	239		210	239
Non-Current				
----	345	Other	----	345
----	345		----	345

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		29. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	46,382	54,419
46,382	54,419	Later than one year and not later than five years	9,705	22,421
9,705	22,421			
<u>56,087</u>	<u>76,840</u>	Total Capital Expenditure Commitments (Including GST)	<u>56,087</u>	<u>76,840</u>
		Of the commitments reported at 30 June 2014 it is expected that \$6.8 million will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	2,161	2,139
2,161	2,139	Later than one year and not later than five years	1,044	931
1,044	931			
<u>3,205</u>	<u>3,070</u>	Total Operating Lease Commitments (Including GST)	<u>3,205</u>	<u>3,070</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Contingent Asset Related to Commitments for Expenditure		
		The total of 'Commitments for Expenditure' above, i.e. \$56.1 million as at 30 June 2014 includes input tax credits of \$5.1 that are expected to be recoverable from the Australian Taxation Office (2013 \$7.3 million).		

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT AND CONSOLIDATION

30. Trust Funds

The District holds trust fund moneys of \$2.6 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	1	1	158	127	2,017	2,293	2,176	2,421
Receipts	1	-----	211	216	10,308	9,016	10,520	9,232
Expenditure	-----	-----	(129)	(185)	(9,944)	(9,292)	(10,073)	(9,477)
Cash Balance at the end of the financial year	2	1	240	158	2,381	2,017	2,623	2,176

Mid North Coast Local Health District
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PARENT AND CONSOLIDATED

31. 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 2007/08 fund year and an interim adjustment for the 2009/10 fund year were not calculated until 2013/14.

As a result, the 2008/09 final and 2010/11 pertaining to the hospitals and community services now forming part of the District will be paid in 2014/15. It is not possible for the District to reliably quantify the benefit to be received or amount payable.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
32. Reconciliation of Cash Flows from Operating Activities to Net Result				
92,237	52,315	Net Cash Flows from Operating Activities	92,237	52,315
(12,959)	(12,465)	Depreciation	(12,959)	(12,465)
(141)	(940)	Allowance for Impairment	(141)	(940)
28	(136)	(Increase)/ Decrease Income in Advance	28	(136)
(2,904)	(2,755)	(Increase)/ Decrease in Provisions	(2,904)	(2,755)
1,098	2,468	Increase / (Decrease) in Prepayments and Other Assets	1,098	2,468
457	(9,275)	(Increase)/ Decrease in Creditors	457	(9,275)
178	(450)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	178	(450)
<hr/>				
77,994	28,762	Net Result	77,994	28,762

33. 2013/14 Voluntary Services

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

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

34. Unclaimed Monies

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

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

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

35. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than budget by \$3 million, primarily due to:
Higher revenues received for grants and contributions and investment revenue.

Assets and Liabilities

Total Assets increased by \$2.5 million against budget primarily due to increased cash at bank holdings. Total Liabilities decreased by \$0.6 million against budget primarily due to decreased payables liabilities.

Cash Flows

The closing cash position is \$3.5 million better than budget as a result of favourable variances in cash flows from operating activities.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 24 June 2013 are as follows:

	\$000
Initial Allocation, 24 June 2013	402,917
Special Projects enhancements	
Aboriginal Health	561
Community Health	434
Dental	2,383
Education and Training	1,952
Health Promotion	129
IPTAAS (Isolated Patient Travel Accom. Assistance)	849
Public Health	176
Other	1,789
	411,190
Balance as per Statement of Comprehensive Income	411,190

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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36. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2012/13 year were:

An increase in net assets of \$0.6M relating to the transfer of leave provisions to the Crown Entity.

Equity transfers effected in the 2013/14 year were:

Nil equity transfers were effected in 2013/14.

Equity transfers effected comprised:

Crown Entity - Transfer of Long Service Leave On-costs

	2014	2013
	\$000	\$000
Crown Entity - Transfer of Long Service Leave On-costs	-----	587

	-----	587
--	-------	------------

Assets and Liabilities transferred are as follows:

Liabilities

Current Liabilities

Provisions

	2014	2013
	\$000	\$000
Provisions	-----	587

Increase/(Decrease) in Net Assets From Equity Transfers

	-----	587
--	-------	------------

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

37. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2014 \$000	Carrying Amount 2013 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 18)	N/A	28,001	29,472
Receivables (note 19)*	Loans and receivables (at amortised cost)	12,374	11,682
Total Financial Assets		40,375	41,154
Financial Liabilities			
Borrowings (note 26)	Financial liabilities	83	333
Payables (note 25)**	measured at	38,485	39,065
Other (note 28)	amortised cost	-----	345
Total Financial Liabilities		38,568	39,743

Notes

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

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

(b) Credit Risk

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

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

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.38% in 2013/14 compared to 3.25% in the previous year.

Receivables - trade debtors

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$10.987M; 2013: \$10.951M) and not more than 3 months past due (2014: \$0.908M; 2013: \$1.294M) are not considered impaired. Together these represent 95% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

2014	Total^{1,2}	Past due but not impaired^{1,2}	Considered impaired^{1,2}
	\$000	\$000	\$000
<3 months overdue	908	854	54
3 months - 6 months overdue	144	140	4
> 6 months overdue	580	217	363
2013			
<3 months overdue	1,294	1,294	----
3 months - 6 months overdue	180	138	42
> 6 months overdue	105	----	105

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.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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(c) Liquidity Risk

Liquidity risk is the risk that the District will be unable to meet its payment obligations when they fall due. The District continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

The District has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The District has exposure to liquidity risk.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

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

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

Mid North Coast Local Health District
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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure						Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest		Variable Interest		Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
			Rate	Rate	Rate	Rate				
2014	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Payables:										
- Accrued Salaries Wages, On-Costs and Payroll Deductions		5,233	-----	-----	-----	5,233	5,233	-----	-----	-----
- Creditors		33,252	-----	-----	-----	33,252	33,252	-----	-----	-----
Borrowings:										
- Loans and Deposits	3.85%	83	83	-----	-----	-----	14	69	-----	-----
		38,568	83	-----	-----	38,485	38,499	69	-----	-----
2013										
Payables:										
- Accrued Salaries Wages, On-Costs and Payroll Deductions		4,323	-----	-----	-----	4,323	4,323	-----	-----	-----
- Creditors		34,742	-----	-----	-----	34,742	34,742	-----	-----	-----
Borrowings:										
- Loans and Deposits	3.09%	678	678	-----	-----	-----	595	67	16	-----
		39,743	678	-----	-----	39,065	39,660	67	16	-----

Notes:

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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(d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

Mid North Coast Local Health District
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The District's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	-1% Equity	+1% Profit	+1% Equity
2014					
Financial Assets					
Cash and Cash Equivalents	28,001	(280)	(280)	280	280
Receivables	12,374	-----	-----	-----	-----
Financial Liabilities					
Payables	38,485	-----	-----	-----	-----
2013					
Financial Assets					
Cash and Cash Equivalents	29,472	(295)	(295)	295	295
Receivables	11,682	-----	-----	-----	-----
Financial Liabilities					
Payables	39,065	-----	-----	-----	-----
Other	345	3	3	(3)	(3)

38. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS