



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Sydney West Area Health Service and its controlled entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Sydney West Area Health Service (the Service), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement, service group statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Service and the consolidated entity. The consolidated entity comprises the Service and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Service and the consolidated entity as at 30 June 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

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

Chief Executive's Responsibility for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 report.

I believe that 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 Service or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 role by the possibility of losing clients or income.



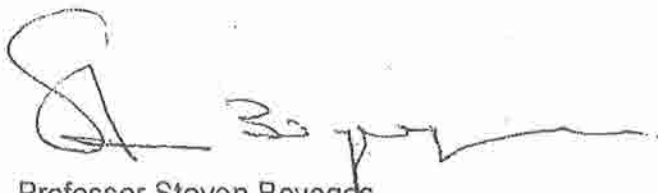
Peter Achterstraat
Auditor-General

2 October 2009
SYDNEY

2008/09 Financial Statements

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that to the best of my knowledge and belief:

- 1) the financial report has been prepared in accordance with:
 - Australian Accounting Standards
 - *Public Finance and Audit Act 1983*
 - *Public Finance and Audit Regulations 2005*
 - *Health Services Act 1997 and its Regulations*
 - the Accounts and Audit Determination
- 2) the financial report exhibits a true and fair view of the financial position and financial performance of the Sydney West Area Health Service.
- 3) there are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



Professor Steven Boyages
MB BS PhD DDU FRACP FAFPHM
Chief Executive

Date 01 October 2009

Sydney West Area Health Service
Statement of Recognised Income and Expense for the year ended 30 June 2009

PARENT		CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes
(1,814)	-	15,090	-	15,090	
					Net Increase/(Decrease) in Property, Plant and Equipment Asset Revaluation Reserve
(326)	(326)	(1,089)	(326)	(1,089)	Other Movements - Administrative Restructure
<u>(2,140)</u>	<u>(326)</u>	<u>14,001</u>	<u>(326)</u>	<u>14,001</u>	
					TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY
(60,454)	(17,537)	(13,631)	(17,537)	(13,631)	Result for the Year
<u>(62,594)</u>	<u>(17,863)</u>	<u>370</u>	<u>(17,863)</u>	<u>370</u>	
					TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR

The accompanying notes form part of these Financial Statements

**Sydney West Area Health Service
Balance Sheet as at 30 June 2009**

PARENT								CONSOLIDATION		
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000		Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000			
ASSETS										
Current Assets										
109,154	126,231	111,463	Cash and Cash Equivalents	18	109,154	126,231	111,463			
64,580	77,760	88,276	Receivables	19	64,580	77,760	88,276			
13,907	13,890	13,274	Inventories	20	13,907	13,890	13,274			
187,641	217,881	213,013	Total Current Assets		187,641	217,881	213,013			
Non-Current Assets										
8,187	-	8,730	Receivables	19	8,187	-	8,730			
Property, Plant and Equipment										
- Land and Buildings										
1,328,381	1,333,269	1,328,180		21	1,328,381	1,333,269	1,328,180			
- Plant and Equipment										
109,138	102,574	108,593		21	109,138	102,574	108,593			
- Infrastructure Systems										
25,582	25,551	27,251		21	25,582	25,551	27,251			
1,463,101	1,461,394	1,464,024	Total Property, Plant and Equipment		1,463,101	1,461,394	1,464,024			
4,444	-	-	Intangible Assets	22	4,444	-	-			
1,475,732	1,461,394	1,472,754	Total Non-Current Assets		1,475,732	1,461,394	1,472,754			
1,663,373	1,679,275	1,685,767	Total Assets		1,663,373	1,679,275	1,685,767			
LIABILITIES										
Current Liabilities										
137,006	103,293	147,338	Payables	24	137,006	103,293	147,338			
16,226	16,622	7,435	Borrowings	25	16,226	16,622	7,435			
334,291	338,291	297,995	Provisions	26	334,291	338,291	297,995			
2,083	995	3,525	Other	27	2,083	995	3,525			
489,606	459,201	456,293	Total Current Liabilities		489,606	459,201	456,293			
Non-Current Liabilities										
35,757	37,365	29,069	Borrowings	25	35,757	37,365	29,069			
23,835	25,485	23,636	Provisions	26	23,835	25,485	23,636			
59,592	62,850	52,705	Total Non-Current Liabilities		59,592	62,850	52,705			
549,198	522,051	508,998	Total Liabilities		549,198	522,051	508,998			
1,114,175	1,157,224	1,176,769	Net Assets		1,114,175	1,157,224	1,176,769			
EQUITY										
231,020	231,332	232,834	Reserves	28	231,020	231,332	232,834			
883,155	925,892	943,935	Accumulated Funds	28	883,155	925,892	943,935			
1,114,175	1,157,224	1,176,769	Total Equity		1,114,175	1,157,224	1,176,769			

The accompanying notes form part of these Financial Statements

Sydney West Area Health Service
Cash Flow Statement for the year ended 30 June 2009

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
(1,137,474)	(1,121,995)	(1,051,244)		(1,137,474)	(1,121,995)	(1,051,244)
(17,599)	(15,901)	(15,384)		(17,599)	(15,901)	(15,384)
(2,346)	(2,362)	(2,918)		(2,346)	(2,362)	(2,918)
(776,628)	(722,169)	(662,522)		(776,628)	(722,169)	(662,522)
(1,934,047)	(1,862,427)	(1,732,068)		(1,934,047)	(1,862,427)	(1,732,068)
Receipts						
309,911	282,155	233,308		309,911	282,155	233,308
13,023	8,422	12,007		13,023	8,422	12,007
73,994	35,233	103,264		73,994	35,233	103,264
396,928	325,810	348,579		396,928	325,810	348,579
Cash Flows From Government						
1,534,142	1,534,142	1,402,906		1,534,142	1,534,142	1,402,906
83,535	84,837	83,011		83,535	84,837	83,011
1,617,677	1,618,979	1,485,917		1,617,677	1,618,979	1,485,917
80,558	82,362	102,428	32	80,558	82,362	102,428
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems						
127	(2,478)	247		127	(2,478)	247
-	-	302		-	-	302
(103,501)	(90,298)	(115,333)		(103,501)	(90,298)	(115,333)
5,028	4,629	1,243		5,028	4,629	1,243
(98,346)	(88,147)	(113,541)		(98,346)	(88,147)	(113,541)
CASH FLOWS FROM FINANCING ACTIVITIES						
21,648	20,441	-		21,648	20,441	-
(6,169)	-	(3,390)		(6,169)	-	(3,390)
15,479	20,441	(3,390)		15,479	20,441	(3,390)
(2,309)	14,656	(14,503)		(2,309)	14,656	(14,503)
111,463	111,575	125,966		111,463	111,575	125,966
109,154	126,231	111,463	18	109,154	126,231	111,463

The accompanying notes form part of these Financial Statements

**Sydney West Area Health Service
Service Group Statements
for the Year Ended 30 June 2009**

SERVICE'S EXPENSES AND INCOME	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Total					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008		
	\$000	\$000	\$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	118,025	111,094	1,186	1,124	105,096	98,978	86,829	81,719	443,987	418,072	69,866	65,885	111,857	105,295	108,298	102,034	56,937	53,602	84,101	79,145	1,186,182	1,115,948				
Visiting Medical Officers	538	544	14	8	4,736	4,776	1,972	1,990	29,261	29,514	4,519	4,557	2,160	2,181	1,929	1,948	995	1,003	1,048	1,056	47,172	47,577				
Other Operating Expenses	31,378	24,567	389	330	48,151	39,872	41,882	36,040	380,525	336,028	68,132	60,814	21,479	17,018	34,058	28,102	16,082	13,236	21,116	17,028	663,192	573,033				
Depreciation and Amortisation	7,952	5,640	30	21	8,503	6,029	5,077	3,600	31,479	22,321	4,557	3,227	5,115	3,629	6,240	4,427	2,982	2,114	4,525	3,212	76,460	54,220				
Grants and Subsidies	9,636	7,655	718	570	113	90	51	40	459	365	67	55	4,579	3,639	847	672	405	322	724	577	17,599	13,985				
Finance Costs	198	224	-	-	72	82	12	14	1,867	2,111	127	144	22	25	24	27	9	10	15	16	2,346	2,653				
Payments to Affiliated Health Organisations	12,887	15,269	-	-	-	-	-	-	-	-	-	-	641	759	6,751	8,000	-	-	-	-	20,279	24,028				
Other Expenses																										
Total Expenses excluding losses	180,614	164,993	2,337	2,053	166,671	149,827	135,823	123,403	887,578	808,411	147,268	134,682	145,853	132,546	158,147	145,210	77,410	70,287	111,529	101,032	2,013,230	1,832,444				
Revenue																										
Sale of Goods and Services	3,107	2,785	0	9	5,355	4,770	9,516	8,485	191,045	170,528	12,956	11,564	2,830	2,522	16,064	14,331	1,387	1,248	35,179	31,410	277,439	247,652				
Investment Revenue	1,291	1,190	3	2	1,294	1,192	651	599	2,828	2,605	846	779	1,314	1,211	1,193	1,099	319	295	2,943	2,712	12,682	11,684				
Grants and Contributions	1,605	1,437	7	6	1,497	1,340	29	26	965	863	329	295	1,936	1,734	629	564	1,074	961	24,200	21,661	32,271	28,887				
Other Revenue	862	3,103	9	31	453	1,631	-378	1,363	1,088	3,919	263	950	404	1,456	490	1,767	1,084	3,831	2,128	7,667	7,139	25,718				
Total Revenue	6,865	8,515	19	48	8,599	8,933	10,574	10,473	195,926	177,915	14,394	13,588	6,484	6,923	18,376	17,761	3,844	6,335	64,450	63,450	329,531	313,941				
Gain / (Loss) on Disposal	(883)	(368)	(3)	(4)	(1,515)	(193)	(1,028)	(161)	(6,531)	(464)	(1,009)	(113)	(568)	(173)	(693)	(209)	(331)	(454)	(503)	(886)	(13,064)	(3,025)				
Other Gains / (Losses)	(322)	(84)	(3)	(1)	(169)	(44)	(141)	(37)	(1,185)	(106)	(99)	(26)	(152)	(39)	(183)	(48)	(398)	(104)	(776)	(208)	(3,428)	(697)				
Net Cost of Services	174,954	156,930	2,324	2,010	159,756	141,131	126,418	113,128	699,368	631,066	133,962	121,233	140,089	125,635	140,647	127,706	74,295	64,510	48,358	38,676	1,700,191	1,522,225				
Government Contributions																										
RESULT FOR THE YEAR																										

**Sydney West Area Health Service
Service Group Statements
for the Year Ended 30 June 2009**

SERVICES' ASSETS AND LIABILITIES	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Total			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$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	8,010	8,297	19	14	8,028	8,311	4,039	4,176	17,545	18,163	5,249	5,431	8,152	8,443	7,402	7,662	1,979	2,057	48,731	48,909	109,154	111,463		
Receivables	1,349	2,394	4	13	1,688	2,512	2,069	2,945	38,330	50,027	2,817	3,820	1,275	1,947	3,597	4,994	786	1,781	12,695	17,843	64,580	88,276		
Inventories	658	569	8	8	1,010	923	878	835	7,979	7,784	1,428	1,409	450	394	714	651	337	307	445	394	13,907	13,274		
Financial Assets at Fair Value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	10,017	11,260	31	35	10,726	11,746	6,986	7,956	63,854	75,974	9,494	10,680	9,877	10,784	11,713	13,307	3,072	4,145	61,871	67,146	187,841	213,013		
Non-Current Assets																								
Receivables	171	237	0	1	214	248	282	291	4,859	4,947	357	378	162	193	456	494	96	176	1,610	1,765	8,187	8,730		
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Land and Buildings	132,230	132,230	507	492	141,384	141,351	84,416	84,402	523,435	523,319	75,768	75,657	142,046	142,088	103,753	103,792	49,580	49,563	75,262	75,306	1,328,381	1,328,180		
- Plant and Equipment	11,351	11,296	44	42	12,137	12,075	7,246	7,210	44,932	44,705	6,504	6,463	7,302	7,288	8,906	8,866	4,256	4,234	6,460	6,434	109,138	108,583		
- Infrastructure Systems	2,661	2,835	10	11	2,845	3,030	1,689	1,809	10,532	11,219	1,255	1,622	1,712	1,824	2,088	2,225	998	1,062	1,512	1,614	25,582	27,251		
Intangible Assets	462	-	2	-	494	-	295	-	1,830	-	265	-	297	-	363	-	173	-	263	-	4,444	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	146,875	146,598	563	546	157,074	156,704	93,918	93,712	585,588	584,190	84,419	84,120	151,519	151,353	115,566	115,377	55,103	55,035	85,107	85,119	1,475,732	1,472,754		
Total Assets	156,892	157,858	594	581	167,800	168,450	100,904	101,668	649,442	660,164	93,913	94,780	161,396	162,137	127,279	128,684	58,175	59,180	146,978	152,265	1,663,373	1,685,767		
LIABILITIES																								
Current Liabilities																								
Payables	6,482	6,317	80	85	9,947	10,252	8,652	9,267	78,611	86,399	14,075	15,636	4,437	4,376	7,036	7,226	3,322	3,403	4,364	4,377	137,006	147,338		
Borrowings	1,457	669	19	8	1,345	608	1,095	501	7,152	3,280	1,186	546	1,175	538	1,275	589	624	285	888	411	16,226	7,435		
Provisions	33,262	29,639	334	300	29,618	26,407	24,470	21,802	125,125	111,539	19,690	17,578	31,524	28,092	30,521	27,222	16,046	14,301	23,701	21,115	334,291	297,995		
Other	187	317	2	4	173	288	141	237	918	1,555	152	259	151	255	164	279	80	135	115	196	2,083	3,525		
Total Current Liabilities	41,388	36,942	435	397	41,083	37,555	34,358	31,807	211,806	202,773	35,103	34,019	37,287	33,261	38,996	35,316	20,072	18,124	29,078	26,099	489,606	456,293		
Non-Current Liabilities																								
Borrowings	3,208	2,617	42	33	2,960	2,377	2,412	1,958	15,764	12,824	2,616	2,137	2,590	2,103	2,809	2,304	1,375	1,115	1,981	1,601	35,757	29,069		
Provisions	2,372	2,351	24	24	2,112	2,094	1,745	1,729	8,921	8,847	1,404	1,394	2,248	2,228	2,176	2,159	1,144	1,134	1,689	1,676	23,835	23,636		
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	5,580	4,968	66	57	5,072	4,471	4,157	3,687	24,685	21,671	4,020	3,531	4,838	4,331	4,985	4,463	2,519	2,249	3,670	3,277	59,592	52,705		
Total Liabilities	46,968	41,910	501	454	46,155	42,026	38,515	35,494	236,491	224,444	39,123	37,550	42,125	37,592	43,981	39,779	22,591	20,373	32,748	29,376	549,198	508,998		
Net Assets	109,924	115,948	93	127	121,645	126,424	62,389	66,174	412,951	435,720	54,790	57,230	119,271	124,545	83,298	88,905	35,584	38,807	114,230	122,889	1,114,175	1,176,769		

Assets and Liabilities that are specific to service groups are allocated accordingly eg land for Mental Hospital at Cumberland and cash for Research and Training. The remaining assets and liabilities, except for cash, are apportioned to service groups in accordance with methodology advised in Note 2 a), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group. Cash after specific allocation to Research and Training is apportioned on investment income to each service group.

The statistical data collected to 31 December 2008 to apportion Service Group expenses and revenues is also used to attribute assets and liabilities to each Service Group.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

1 The Health Service Reporting Entity

The Sydney West Area Health Service was established under the provisions of the Health Services Act with effect from 1 January 2005.

The Health Service, as a reporting entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the Health Service. The Health Service is a not for profit entity.

The Sydney West Area Health Service Special Purpose Service Entity was established as a Division of the Government Service on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. These Divisions provide personnel services to enable a Health Service to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the Health Service (as the parent entity), the financial report of the special purpose entity Division and the consolidated financial report of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 12, 24, 26 and 32 being especially relevant.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements have been authorised for issue by the Chief Executive on 01 October 2009.

2 Summary of Significant Accounting Policies

The Health Service's financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

Property, plant and equipment, investment property, assets 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.

The consolidated entity has a deficiency of working capital of \$301.965M (2008 \$243.280M). Notwithstanding this deficiency the financial report has been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

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

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

Comparative figures are, where appropriate, reclassified to give a meaningful comparison with the current year.

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial report of the Sydney West Area Health Service.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

Accounting Standard/Interpretation

AASB 127 and AASB 2008-3, Business Combinations, has application in reporting periods beginning on or after 1 July 2009 and determines information to be disclosed in respect of business acquisitions. Its applicability to not for profit entities is yet to be determined.

AASB 8 and AASB 2007-3 Operating Segments, has application in reporting periods beginning on or after 1 January 2009. It relates to for profit entities specifically and is therefore not applicable to the Health Service.

AASB 101, Presentation of Financial Statements, effective for reporting periods beginning on 1 July 2009, has reduced the disclosure requirements for various reporting entities. However, in not for profit entities such as the Health Service there is no change required.

AASB 123 Borrowing Costs, has application in reporting periods beginning on or after 1 January 2009. The Standard, which requires capitalisation of borrowing costs, has not been adopted in 2008/09 nor is adoption expected prior to 2009/10.

AASB 1039, Concise Financial Reports, responds to changes in Section 314 of the Corporations Law. It is not applicable to Health Services.

AASB 2008-1, Share Based Payments has no applicability to the Health Service.

AASB 2008-2, Puttable Financial Instruments and Obligations Arising on Liquidation, effective from 1 July 2009 has no application to the Health Service.

AASB 2008-5 and AASB 2008-6, Annual Improvements Project, has application from 1 July 2009 and comprises changes for presentation, recognition or measurement purposes which are currently assessed as having no material impact on the Health Service.

AASB 2008-7 Investment in a Subsidiary, Jointly Controlled Entity or Associate, has no impact on the Health Service.

AASB 2008-8 Eligible Hedged Items, has application from 1 July 2009 but has no current applicability to the Health Service.

AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101, has mandatory application from 1 July 2009 and will not be early adopted by the Health Service.

AASB 2008-11 Business Combinations Among Not for Profit, has application from 1 July 2009 and focuses largely on Local Government.

AASB 2008-13, Distribution of Non Cash Assets to Owners, has application in reporting periods beginning on or after 1 July 2009 but is assessed as having no applicability to the Health Service.

AASB 2009-2, Improving Disclosures about Financial Instruments, has mandatory application from 1 July 2009. Changes to be advised by NSW Treasury concerning fair value measurement and liquidity risk will be adopted by the Health Service.

Interpretation 15 Construction of Real Estate, applies from 1 July 2009 but has no impact on the Health Service which is not involved in the construction of real estate for sale.

Interpretation 16, Agreements for the Hedges of a Net Investment in a Foreign Operation, has application from 1 July 2009 but has no relevance to the Health Service.

Interpretation 17 & AASB 2008-13 Distributions of Non Cash Assets to Owners, applies from 1 July 2009 and principally addresses share holder distributions. It is not applicable to the Health Service.

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

a) Employee Benefits and Other Provisions

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

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

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On costs of 17% are applied to the value of leave payable at 30 June 2009, such on costs being consistent with actuarial assessment (Comparable on costs for 30 June 2008 were also 17%).

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

ii) Long Service Leave and Superannuation

At the consolidated level of reporting, Long Service Leave entitlements are dissected as "Current" if there is an unconditional right to payment and "Non Current" if the entitlements are conditional. Current entitlements are further dissected between "Short Term" and "Long Term" on the basis of anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.

Long Service Leave provisions are measured on a short hand basis at an escalated rate of 9.8% (8.1% at 30 June 2008) for all employees with five or more years of service. The escalation applied is consistent with actuarial assessment and is affected in the main by the fall in the Commonwealth Government 10 year bond yield which is used as the discount rate.

The Health Service's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. The Health Service accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits". Any liability attached to Superannuation Guarantee Charge cover is reported in Note 24, "Payables".

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Department of Health. 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.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

iii) Other Provisions

Other provisions exist when: the agency 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.

These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

b) Insurance

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

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred.

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 and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services, i.e. user charges. User charges are recognised as income when the service is provided or by reference to the stage of completion.

Patient Fees

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

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB139, "Financial Instruments: Recognition and measurement". Rental revenue is recognised in accordance with AASB117 "Leases" on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 "Revenue" when the Health Service'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.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

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 Department of Health. Charges consist of two components:

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

Use of Outside Facilities

The Health Service 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. It is not practical to estimate the related values.

Grants and Contributions

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

NSW Department of Health Allocations

Payments are made by the NSW Department of Health on the basis of the allocation for the Health Service as adjusted for approved supplementations mostly for salary agreements, patient flows between Health Services and approved enhancement projects. This allocation is included in the Operating Statement before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

General operating expenses/revenues of Lottie Stewart Hospital, St Joseph's Hospital and Tresillian Family Care Centre Penrith (Affiliated Health Organisations) have only been included in the Operating Statement prepared to the extent of the cash payments made to the Health Organisations concerned. The Health Service is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Balance Sheet. Any exceptions are specifically listed in the notes that follow.

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

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

- * the amount of GST incurred by the Health Service as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- * receivables and payables are stated with the amount of GST included.

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

f) Inter Area and Interstate Patient Flows

Inter Area Patient Flows

Health Services recognise patient flows for patients they have treated that live outside the Service's regional area. The flows recognised are for acute inpatients (other than Mental Health Services), emergency and rehabilitation and extended care.

Patient flows have been calculated using benchmarks for the cost of services for each of the categories identified and deducting estimated revenue, based on the payment category of the patient. The flow information is based on activity for the last completed calendar year. The NSW Department of Health accepts that category identification for various surgical and medical procedures is impacted by the complexities of the coding process and the interpretation of the coding staff when coding a patient's medical records. The Department reviews the flow information extracted from Health Service records and once it has accepted it, requires each Health Service and the Children's Hospital at Westmead to bring to account the value of patient flows in accordance with the Department's assessment.

The adjustments have no effect on equity values as the movement in Net Cost of Services is matched by a corresponding adjustment to the value of the NSW Department of Health Recurrent Allocation.

Inter State Patient Flows

Health Services recognise the outflow of acute inpatients that are treated by other States and Territories within Australia who normally reside in the Service's residential area. The Health Services also recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The expense and revenue values reported within the financial statements have been based on 2007/08 activity data using standard cost weighted separation values to reflect estimated costs in 2008/09 for acute weighted inpatient separations. Where treatment is obtained outside the home health service, the State/Territory providing the service is reimbursed by the benefiting Area.

The reporting adopted for both inter area and interstate patient flows aims to provide a greater accuracy of the cost of service provision to the Area's resident population and disclose the extent to which service is provided to non residents.

The composition of patient flow expense/revenue is disclosed in Notes 5 and 10.

g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Health Service. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition except for assets transferred as a result of an administrative restructure. (Note 2(z) refers)

Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

Where settlement of any part of cash consideration 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 Health Service are deemed to be controlled by the Health Service 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

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 Health Service. Land is not a depreciable asset.

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%
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 NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, "Property, Plant & Equipment" and AASB140, "Investment Property". Investment property is separately discussed at Note 2(o).

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

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

The Health Service revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Area as at 01 January 2005 was completed on 30 June 2008 and was based on an independent assessment.

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

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

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

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

Revaluation decrements are recognised immediately as expenses in the Result for the Year, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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

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

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Health Service is effectively exempt from AASB 136 "Impairment of Assets" and impairment testing. This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Assets Not Able to be Reliably Measured

The Health Service may at times hold certain assets that are not recognised in the Balance Sheet because the Health Service is unable to measure reliably the value for the assets. The Health Service does not currently hold any such assets.

m) Restoration Costs

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

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

The Health Service has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

o) Investment Properties

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

p) Intangible Assets

The Health Service recognises intangible assets only if it is probable that future economic benefits will flow to the Health Service 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 Health Service's intangible assets, the assets are carried at cost less any accumulated amortisation. The Health Service's intangible assets are amortised using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity the Health Service is effectively exempted from impairment testing (see Note 2[k]).

q) Maintenance

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated.

r) Leased Assets

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

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

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

s) Inventories

Inventories are stated at cost. 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 Department of Health.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

t) Loans and Receivables

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

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

u) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Sydney West Area Health Service 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 Sydney West Area Health Service 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 operating statement.

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 agency's key management personnel.

The risk management strategy of the Health Service has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act. T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

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

- * *Held to maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Sydney West Area Health Service 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 operating statement 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 directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the operating statement. However, interest calculated using the effective interest method and dividends are recognised in the operating statement.

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 Health Service 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 balance sheet date.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

v) Impairment of financial assets

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

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

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the operating statement, 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 operating statement.

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

w) De-recognition of financial assets and financial liabilities

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

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

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

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

x) Payables

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

The comparative figures have changed due to classification changes.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

y) Borrowings

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

z) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds".

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

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

The Statement of Recognised Income and Expense does not reflect the Net Assets or change in equity in accordance with AASB 101 Clause 97.

aa) Trust Funds

The Health Service receives monies in a trustee capacity for various trusts as set out in Note 30. As the Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Health Service's own objectives, they are not brought to account in the financial statements.

ab) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Health Department at the beginning of the financial reporting period and with any adjustments for the effects of additional supplementation provided.

ac) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2008 which is then applied to the current period's financial information. In respect of Assets and Liabilities the Department requires that all Health Services 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 Department of Health, eg. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

**Sydney West Area
Health Service**
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
3. Employee Related				
Employee related expenses comprise the following:				
-	-	Salaries and Wages	852,740	828,781
-	-	Awards	47,298	37,141
-	-	Superannuation - defined benefit plans	22,060	22,677
-	-	Superannuation - defined contributions	73,961	68,620
-	-	Long Service Leave	36,467	29,563
-	-	Annual Leave	107,762	86,445
-	-	Sick Leave and Other Leave	32,875	29,713
-	-	Redundancies	768	128
-	-	Workers Compensation Insurance	12,251	13,922
-	-	Fringe Benefits Tax	-	(42)
<u>-</u>	<u>-</u>		<u>1,186,182</u>	<u>1,116,948</u>
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
852,740	828,781	Salaries and Wages	-	-
47,298	37,141	Awards	-	-
22,060	22,677	Superannuation - defined benefit plans	-	-
73,961	68,620	Superannuation - defined contributions	-	-
36,467	29,563	Long Service Leave	-	-
107,762	86,445	Annual Leave	-	-
32,875	29,713	Sick Leave and Other Leave	-	-
768	128	Redundancies	-	-
12,251	13,922	Workers Compensation Insurance	-	-
-	(42)	Fringe Benefits Tax	-	-
<u>1,186,182</u>	<u>1,116,948</u>		<u>-</u>	<u>-</u>
5. Other Operating Expenses				
225,466	184,430	Allocations towards Inter Area Patient Outflows, NSW (see (d) below)	225,466	184,430
8,924	6,724	Blood and Blood Products	8,924	6,724
21,356	18,525	Domestic Supplies and Services	21,356	18,525
69,120	69,438	Drug Supplies	69,120	69,438
11,311	11,759	Food Supplies	11,311	11,759
10,430	8,197	Fuel, Light and Power	10,430	8,197
43,413	35,526	General Expenses (See (b) below)	43,413	35,526
9,482	4,787	Hospital Ambulance Transport Costs	9,482	4,787
19,793	12,248	Information Management Expenses	19,793	12,248
2,023	1,639	Insurance	2,023	1,639
3,117	2,785	Interstate Patient Outflows (see (e) below)	3,117	2,785
Maintenance (See (c) below)				
22,771	12,073	Maintenance Contracts	22,771	12,073
10,711	8,448	New/Replacement Equipment under \$10,000 *	10,711	8,448
16,156	15,153	Repairs	16,156	15,153
(1,559)	5,307	Maintenance/Non Contract	(1,559)	5,307
75,369	71,036	Medical and Surgical Supplies	75,369	71,036
5,463	5,025	Postal and Telephone Costs	5,463	5,025
6,346	5,970	Printing and Stationery	6,346	5,970
2,497	1,901	Rates and Charges	2,497	1,901
1,698	1,597	Rental	1,698	1,597
42,786	37,471	Special Service Departments	42,786	37,471
6,029	5,622	Staff Related Costs	6,029	5,622
40,364	37,956	Sundry Operating Expenses (See (a) below)	40,364	37,956
10,126	9,416	Travel Related Costs	10,126	9,416
<u>663,192</u>	<u>573,033</u>		<u>663,192</u>	<u>573,033</u>

* Not included in maintenance subtotal in note 5 (c).

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT		CONSOLIDATION	
2009	2008	2009	2008
\$000	\$000	\$000	\$000
40,310	37,952	40,310	37,952
54	4	54	4
<u>40,364</u>	<u>37,956</u>	<u>40,364</u>	<u>37,956</u>
434	747	434	747
1,615	1,300	1,615	1,300
1,301	1,308	1,301	1,308
43	3,246	43	3,246
1,654	1,551	1,654	1,551
170	379	170	379
207	5	207	5
981	873	981	873
261	253	261	253
1,887	1,750	1,887	1,750
4,539	5,302	4,539	5,302
8,325	8,783	8,325	8,783
27	23	27	23
191	98	191	98
1,459	1,730	1,459	1,730
292	406	292	406
10,917	-	10,917	-
5,448	-	5,448	-
<u>39,751</u>	<u>27,754</u>	<u>39,751</u>	<u>27,754</u>
37,368	32,533	37,368	32,533
5,835	6,819	5,835	6,819
<u>43,203</u>	<u>39,352</u>	<u>43,203</u>	<u>39,352</u>
69,496	58,537	69,496	58,537
85,657	62,526	85,657	62,526
41,631	36,207	41,631	36,207
23,711	21,493	23,711	21,493
2,381	3,112	2,381	3,112
2,590	2,555	2,590	2,555
<u>225,466</u>	<u>184,430</u>	<u>225,466</u>	<u>184,430</u>
403	393	403	393
1,318	958	1,318	958
161	281	161	281
887	900	887	900
126	93	126	93
74	57	74	57
148	103	148	103
<u>3,117</u>	<u>2,785</u>	<u>3,117</u>	<u>2,785</u>

(a) Sundry Operating Expenses comprise:

Contract for Patient Services
 Isolated Patient Travel and Accommodation Assistance Scheme

(b) General Expenses (Major Items) include:-

Advertising
 Books, Magazines and Journals
 Consultancies
 - Operating Activities
 - Capital Works
 Courier and Freight
 Auditor's Remuneration - Audit of financial reports
 Auditor's Remuneration - Other Services
 Data Recording and Storage
 Legal Services
 Membership/Professional Fees
 Motor Vehicle Operating Lease Expense - minimum lease payments
 Other Operating Lease Expense - minimum lease payments
 Payroll Services
 Quality Assurance/Accreditation
 Security Services
 Translator Services
 Health Support Charges - Financial Services
 Goods & Services - Other

(c) Total Maintenance External /Internal

Maintenance expense - contracted labour and other (non employee related), included in Note 5

Employee related/Personnel Services maintenance expense included in Notes 3 and 4

Total maintenance expenses included in Notes 3, 4 and 5

(d) Details of the allocations applied to Inter Area Patient Out Flows, NSW on an

Area basis as accepted by the NSW Department of Health are as follows:-

Sydney South West Area Health Service
 Children's Hospital Westmead
 Northern Sydney Central Coast Area Health Service
 South East Sydney Illawarra Area Health Service
 Greater Western Area Health Service
 Other Area Health Services

(e) Expenses for Interstate Patient Flows are as follows:-

Australian Capital Territory
 Queensland
 South Australia
 Victoria
 Tasmania
 Northern Territory
 Western Australia

**Sydney West Area
Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009**

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
6. Depreciation and Amortisation				
50,248	48,791	Depreciation - Buildings	50,248	48,791
1,883	(1,851)	Amortisation - Leased Buildings	1,883	(1,851)
22,518	7,058	Depreciation - Plant and Equipment	22,518	7,058
1,571	222	Depreciation - Infrastructure Systems	1,571	222
240	-	Amortisation - Intangible Assets	240	-
<u>76,460</u>	<u>54,220</u>		<u>76,460</u>	<u>54,220</u>
7. Grants and Subsidies				
8,446	7,268	Non Government Voluntary Organisations	8,446	7,268
432	216	Research Organisations	432	216
8,721	6,501	Other	8,721	6,501
<u>17,599</u>	<u>13,985</u>		<u>17,599</u>	<u>13,985</u>
8. Finance Costs				
1,168	1,678	Finance Lease Interest Charges	1,168	1,678
1,178	975	Other Interest Charges	1,178	975
<u>2,346</u>	<u>2,653</u>	Total Finance Costs	<u>2,346</u>	<u>2,653</u>
9. Payments to Affiliated Health Organisations				
		(a) Recurrent Sourced		
1,419	4,244	Lottie Stewart Hospital	1,419	4,244
15,444	16,914	St Joseph's Hospital	15,444	16,914
3,416	2,870	Tresillian Family Care Centre	3,416	2,870
<u>20,279</u>	<u>24,028</u>		<u>20,279</u>	<u>24,028</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
6,700	5,205	Sale of Prosthesis	6,700	5,205
6,997	7,964	Other	6,997	7,964
777	1,000	Pharmacy Sales	777	1,000
(b) Rendering of Services comprise the following:-				
65,527	57,887	Patient Fees [see note 2(d)]	65,527	57,887
333	319	Staff-Meals and Accommodation	333	319
34,150	31,207	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	34,150	31,207
12,498	9,315	- Annual Charge	12,498	9,315
103,179	94,280	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	103,179	94,280
5,211	5,195	Cafeteria/Kiosk	5,211	5,195
2,944	2,819	Car Parking	2,944	2,819
2,353	1,616	Child Care Fees	2,353	1,616
6,120	6,786	Clinical Services (excluding Clinical Drug Trials)	6,120	6,786
20,421	18,064	Commercial Activities	20,421	18,064
10	30	Enteral Nutrition Income	10	30
383	314	Fees for Medical Records	383	314
20	27	Information Retrieval	20	27
7	14	Linen Service Revenues - Non Health Services	7	14
(19)	-	Linen Service Revenues - Other Health Services	(19)	-
56	52	PADP Patient Copayments	56	52
2,767	2,929	Patient Inflows from Interstate [see note (d) below]	2,767	2,929
706	638	Salary Packaging Fee	706	638
1,018	1,176	Services Provided to Non NSW Health Organisations	1,018	1,176
11	-	Shared Corporate Services	11	-
5,270	815	Use of Ambulance Facilities	5,270	815
<u>277,439</u>	<u>247,652</u>		<u>277,439</u>	<u>247,652</u>
(c) Details of the Allocations received for Inter Area Patient Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:				
46,663	42,898	Sydney South West Area Health Service	46,663	42,898
18,656	15,459	Northern Sydney/Central Coast Area Health Service	18,656	15,459
9,652	7,442	South East Sydney/Illawarra Area Health Service	9,652	7,442
13,729	14,128	Greater Western Area Health Service	13,729	14,128
7,541	8,279	Hunter New England Area Health Service	7,541	8,279
6,938	6,074	Other Area Health Services	6,938	6,074
<u>103,179</u>	<u>94,280</u>		<u>103,179</u>	<u>94,280</u>
(d) Revenues from Patient Inflows from Interstate are as follows:-				
597	660	Australian Capital Territory	597	660
47	156	Northern Territory	47	156
1,019	1,014	Queensland	1,019	1,014
276	149	South Australia	276	149
273	120	Tasmania	273	120
369	471	Victoria	369	471
186	359	Western Australia	186	359
<u>2,767</u>	<u>2,929</u>		<u>2,767</u>	<u>2,929</u>
11. Investment Revenue				
9,273	8,446	Interest	9,273	8,446
3,409	3,238	Lease and Rental Income	3,409	3,238
<u>12,682</u>	<u>11,684</u>		<u>12,682</u>	<u>11,684</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
12. Grants and Contributions				
2,741	3,832	Clinical Drug Trials	2,741	3,832
3,767	2,288	Commonwealth Government grants	3,767	2,288
2,969	4,057	Industry Contributions/Donations	2,969	4,057
3,238	4,849	Cancer Institute grants	3,238	4,849
5,648	1,558	NSW Government grants	5,648	1,558
22,060	22,677	Personnel Services - Superannuation Defined Benefits	-	-
12,825	10,077	Research grants	12,825	10,077
1,083	2,226	Other grants	1,083	2,226
<u>54,331</u>	<u>51,564</u>		<u>32,271</u>	<u>28,887</u>
13. Other Revenue				
Other Revenue comprises the following:-				
6	11	Bad Debts recovered	6	11
640	500	Commissions	640	500
1,042	1,425	Conference and Training Fees	1,042	1,425
-	15	Discounts	-	15
30	10	Sale of Merchandise, Old Wares and Books	30	10
45	8	Sponsorship Income	45	8
-	8,512	Treasury Managed Fund Hindsight Adjustment	-	8,512
-	2	Unclaimed Deposits	-	2
4,459	14,418	Other	4,459	14,418
917	817	Kings Parking Annual Fee	917	817
<u>7,139</u>	<u>25,718</u>		<u>7,139</u>	<u>25,718</u>
14. Gain/(Loss) on Disposal				
118,828	93,194	Property, Plant and Equipment	118,828	93,194
105,637	89,897	Less Accumulated Depreciation	105,637	89,897
13,191	3,297	Written Down Value	13,191	3,297
127	247	Less Proceeds from Disposal	127	247
<u>(13,064)</u>	<u>(3,050)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(13,064)</u>	<u>(3,050)</u>
-	277	Financial Assets at Fair Value	-	277
-	302	Less Proceeds from Disposal	-	302
<u>-</u>	<u>25</u>	Gain/(Loss) on Disposal of Financial Assets at Fair Value	<u>-</u>	<u>25</u>
<u>(13,064)</u>	<u>(3,025)</u>	Total Gain/(Loss) on Disposal	<u>(13,064)</u>	<u>(3,025)</u>
15. Other Gains/(Losses)				
(3,428)	(697)	Impairment of Receivables	(3,428)	(697)
<u>(3,428)</u>	<u>(697)</u>		<u>(3,428)</u>	<u>(697)</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT AND CONSOLIDATION

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	456	1,819	-	2,275
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	24,862	99,448	-	124,310
Total amount of unexpended contributions as at balance date	<u>25,318</u>	<u>101,267</u>	-	<u>126,585</u>

Comment on restricted assets appears in Note 23

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

17 Service Groups of the Health Service

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Overnight Acute Inpatient Services

Service Description: This service group covers the provision of health care to patients admitted to public hospitals with the intention that their stay will be overnight, 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.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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Service Group 2.3 - Same Day Acute Inpatient Services

Service Description: This service group covers the provision of health care to patients who are admitted to public hospitals with the intention that they will be admitted, treated and discharged on the same day.

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

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

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Department'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.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT	2009	2008	CONSOLIDATION	
	\$000	\$000	2009	2008
			\$000	\$000
18. Current Assets - Cash and Cash Equivalents				
Cash at bank and on hand	7,054	13,363	7,054	13,363
Short Term Deposits	102,100	98,100	102,100	98,100
	<u>109,154</u>	<u>111,463</u>	<u>109,154</u>	<u>111,463</u>
Cash & cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:				
Cash and cash equivalents (per Balance Sheet)	109,154	111,463	109,154	111,463
Closing Cash and Cash Equivalents (per Cash Flow Statement)	<u>109,154</u>	<u>111,463</u>	<u>109,154</u>	<u>111,463</u>

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		19. Receivables		
		Current		
40,210	60,575	(a) Sale of Goods and Services	40,210	60,575
1,052	10,338	NSW Health Department	1,052	10,338
3,709	5,755	Goods and Services Tax	3,709	5,755
<u>20,853</u>	<u>12,580</u>	Other Debtors	<u>20,853</u>	<u>12,692</u>
65,824	89,248	Sub Total	65,824	89,360
<u>(3,525)</u>	<u>(3,069)</u>	Less Allowance for impairment	<u>(3,525)</u>	<u>(3,069)</u>
62,299	86,179	Sub Total	62,299	86,291
2,281	1,985	Prepayments	2,281	1,985
<u>64,580</u>	<u>88,164</u>		<u>64,580</u>	<u>88,276</u>
		(b) Movement in the allowance for impairment		
		Sale of Goods & Services		
(1,643)	(1,503)	Balance at 1 July	(1,643)	(1,503)
345	550	Amounts written off during the year	345	550
<u>(846)</u>	<u>(690)</u>	Increase/(decrease) in allowance recognised in	<u>(846)</u>	<u>(690)</u>
<u>(2,144)</u>	<u>(1,643)</u>	Result for the Year	<u>(2,144)</u>	<u>(1,643)</u>
		Balance at 30 June	<u>(2,144)</u>	<u>(1,643)</u>
		(c) Movement in the allowance for impairment		
		Other Debtors		
(1,426)	(1,430)	Balance at 1 July	(1,426)	(1,430)
2,627	11	Amounts written off during the year	2,627	11
<u>(2,582)</u>	<u>(7)</u>	Increase/(decrease) in allowance recognised in	<u>(2,582)</u>	<u>(7)</u>
<u>(1,381)</u>	<u>(1,426)</u>	Result for the Year	<u>(1,381)</u>	<u>(1,426)</u>
		Balance at 30 June	<u>(1,381)</u>	<u>(1,426)</u>
<u>(3,525)</u>	<u>(3,069)</u>		<u>(3,525)</u>	<u>(3,069)</u>
		Non Current		
8,187	8,730	Prepayments	8,187	8,730
<u>8,187</u>	<u>8,730</u>		<u>8,187</u>	<u>8,730</u>
		(d) Sale of Goods and Services Receivables		
		(Current and Non Current) include:		
1,328	2,282	Patient Fees - Compensable	1,328	2,282
3,529	1,750	Patient Fees - Ineligible	3,529	1,750
<u>7,002</u>	<u>6,912</u>	Patient Fees - Other	<u>7,002</u>	<u>6,912</u>
<u>11,859</u>	<u>10,944</u>		<u>11,859</u>	<u>10,944</u>

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT		CONSOLIDATION	
2009	2008	2009	2008
\$000	\$000	\$000	\$000
20. Inventories			
Current - at cost (held for Distribution)			
7,578	7,180	7,578	7,180
6,032	5,353	6,032	5,353
128	512	128	512
1	229	1	229
168	-	168	-
<u>13,907</u>	<u>13,274</u>	<u>13,907</u>	<u>13,274</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
21. Property, Plant and Equipment				
		Land and Buildings - fair value		
2,465,131	2,499,857	Gross Carrying Amount	2,465,131	2,499,857
1,136,750	1,171,677	Less Accumulated depreciation and impairment	1,136,750	1,171,677
<u>1,328,381</u>	<u>1,328,180</u>	Net Carrying Amount	<u>1,328,381</u>	<u>1,328,180</u>
		Plant and Equipment - fair value		
250,692	217,379	Gross Carrying Amount	250,692	217,379
141,554	108,786	Less Accumulated depreciation and impairment	141,554	108,786
<u>109,138</u>	<u>108,593</u>	Net Carrying Amount	<u>109,138</u>	<u>108,593</u>
		Infrastructure Systems - fair value		
63,583	64,030	Gross Carrying Amount	63,583	64,030
38,001	36,779	Less Accumulated depreciation and impairment	38,001	36,779
<u>25,582</u>	<u>27,251</u>	Net Carrying Amount	<u>25,582</u>	<u>27,251</u>
<u>1,463,101</u>	<u>1,464,024</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,463,101</u>	<u>1,464,024</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT AND CONSOLIDATION

21 Property, Plant and Equipment - Reconciliations

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2009							
Net Carrying amount at start of year	321,505	875,231	80,037	51,407	108,593	27,251	1,464,024
Additions	3,309	-	63,792	-	23,527	-	90,628
Disposals	(1,809)	(10,820)	-	-	(464)	(98)	(13,191)
Administrative restructures - transfers in/(out)	-	(326)	-	-	-	-	(326)
Net revaluation increment less revaluation decrements recognised in reserves	(1,500)	(314)	-	-	-	-	(1,814)
Impairment losses (recognised in "other gains/losses")	-	-	-	-	-	-	-
Depreciation expense	-	(50,248)	-	(1,883)	(22,518)	(1,571)	(76,220)
Reclassifications	-	133,285	(133,285)	-	-	-	-
Net Carrying amount at end of year	321,505	946,808	10,544	49,524	109,138	25,582	1,463,101

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2008							
Net Carrying amount at start of year	302,816	815,520	103,452	47,619	126,718	1,710	1,397,835
Additions	405	-	96,437	-	12,281	-	109,123
Recognition of Assets Held for Sale	582	-	-	-	-	-	582
Disposals	-	(2,967)	-	-	(330)	-	(3,297)
Administrative restructures - transfers in/(out)	-	(1,089)	-	-	-	-	(1,089)
Net revaluation increment less revaluation decrements recognised in reserves	17,275	(29,885)	-	1,937	-	25,763	15,090
Impairment losses (recognised in "other gains/losses")	-	-	-	-	-	-	-
Depreciation expense	-	(48,791)	-	1,851	(7,058)	(222)	(54,220)
Reclassifications	427	142,443	(119,852)	-	(23,018)	-	-
Net Carrying amount at end of year	321,505	875,231	80,037	51,407	108,593	27,251	1,464,024

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

(ii) Land and Buildings were valued by AON Valuation Services on 30 June 2008 [see note 2(j)]. AON Valuation Services is not an employee of the Health Service.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT		CONSOLIDATION	
2009 \$000	2008 \$000	2009 \$000	2008 \$000
22. Intangible Assets			
Software			
4,684	- Cost (Gross Carrying Amount)	4,684	-
240	- Less Accumulated Amortisation and Impairment	240	-
<u>4,444</u>	<u>- Net Carrying Amount</u>	<u>4,444</u>	<u>-</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT AND CONSOLIDATION

22. Intangibles - Reconciliation

	Software	Other	Total
	\$000	\$000	\$000
2009			
Net Carrying amount at start of year	-	-	-
Additions (from internal development or acquired separately)	4,684	-	4,684
Assets held for sale	-	-	-
Amortisation (recognised in depreciation and amortisation)	(240)	-	(240)
Net Carrying amount at end of year	4,444	-	4,444

	Software	Other	Total
	\$000	\$000	\$000
2008			
Net Carrying amount at start of year	-	-	-
Additions (from internal development or acquired separately)	-	-	-
Assets held for sale	-	-	-
Amortisation (recognised in depreciation and amortisation)	-	-	-
Net Carrying amount at end of year	-	-	-

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT

2009
\$000

2008
\$000

CONSOLIDATION

2009
\$000

2008
\$000

23. Restricted Assets

The Health Service'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

**Brief Details of Externally Imposed
Conditions including Asset
Category affected**

88,470	Specific Purposes	96,025	Health Promotion	88,470	96,025
-	Research Grants	12		-	12
38,115	Private Practice Funds	28,273		38,115	28,273
<hr/>					
126,585		124,310		126,585	124,310
<hr/>					

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT		CONSOLIDATION	
2009 \$000	2008 \$000	2009 \$000	2008 \$000
24. Payables			
	-	34,279	36,896
	-	8,877	14,894
43,156	51,790	-	-
43,256	25,332	43,256	25,332
Current			
		3,948	15,873
		3,764	1,540
		6,970	6,546
		5,428	5,244
		27,384	38,496
	2,517	3,100	2,517
<u>137,006</u>	<u>147,338</u>	<u>137,006</u>	<u>147,338</u>
Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.			
	4,382	12,523	4,382
	3,053	3,703	3,053
<u>16,226</u>	<u>7,435</u>	<u>16,226</u>	<u>7,435</u>
Current			
		20,614	10,224
		15,143	18,845
<u>35,757</u>	<u>29,069</u>	<u>35,757</u>	<u>29,069</u>
Non Current			
Other Loans and Deposits			
Finance Leases [see note 2(r)]			
Other loans still to be extinguished represent monies to be repaid to the NSW Health Department/ Sustainable Energy Development Authority. Final Repayment is scheduled for 30 June 2014.			
Repayment of Borrowings (excluding Finance Leases)			
	4,382	12,523	4,382
	10,200	20,614	10,200
	24	-	24
<u>33,137</u>	<u>14,606</u>	<u>33,137</u>	<u>14,606</u>
Total Borrowings at face value (excluding Finance Leases)			
Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.			

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

	PARENT		CONSOLIDATION	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
26. Provisions				
Current Employee benefits and related on-costs				
Annual Leave - Short Term Benefit	-	-	96,879	85,256
Annual Leave - Long Term Benefit	-	-	56,686	49,988
Long Service Leave - Short Term Benefit	-	-	11,792	9,219
Long Service Leave - Long Term Benefit	-	-	168,934	153,532
Provision for Personnel Services Liability	334,291	297,995	-	-
Total Current Provisions	<u>334,291</u>	<u>297,995</u>	<u>334,291</u>	<u>297,995</u>
Non Current Employee benefits and related on-costs				
Long Service Leave - Conditional	-	-	23,835	23,636
Provision for Personnel Services Liability	23,835	23,636	-	-
Total Non Current Provisions	<u>23,835</u>	<u>23,636</u>	<u>23,835</u>	<u>23,636</u>
Aggregate Employee Benefits and Related On-costs				
Provisions - current	334,291	297,995	334,291	297,995
Provisions - non-current	23,835	23,636	23,835	23,636
Accrued Salaries and Wages and on costs (Note 24)	-	-	34,279	36,896
Accrued Liability - Purchase of Personnel Services (Note 24)	34,279	36,896	-	-
	<u>392,405</u>	<u>358,527</u>	<u>392,405</u>	<u>358,527</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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PARENT

CONSOLIDATION

	2009 \$000	2008 \$000	2009 \$000	2008 \$000
27. Other Liabilities				
Current				
Income in Advance	2,045	3,479	2,045	3,479
Other	38	46	38	46
	<u>2,083</u>	<u>3,525</u>	<u>2,083</u>	<u>3,525</u>

In June 2009 \$0.7 million represents nine months licence fee from S & K Car Park Management Ltd under the terms of a contract to provide and operate car park facility at Nepean Campus of the Area Health Service. Patient fees represents \$1.345 million of the total sum.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

28. **PARENT AND CONSOLIDATION**

Equity	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance at the beginning of the financial year	943,935	958,655	232,834	217,744	1,176,769	1,176,399
Changes in equity - transactions with owners as owners						
Increase/(Decrease) in Net Assets from Administrative Restructure	(326)	(1,089)	-	-	(326)	(1,089)
Total	943,609	957,566	232,834	217,744	1,176,443	1,175,310
Changes in equity - other than transactions with owners as owners						
Result for the year	(60,454)	(13,631)	-	-	(60,454)	(13,631)
Increment/(Decrement) on Revaluation of:						
Land and Buildings	-	-	(1,814)	(10,673)	(1,814)	(10,673)
Plant and Equipment	-	-	-	25,763	-	25,763
Infrastructure Systems	-	-	-	-	-	-
Total	(60,454)	(13,631)	(1,814)	15,090	(62,268)	1,459
Balance at the end of the financial year	883,155	943,935	231,020	232,834	1,114,175	1,176,769

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets. This accords with the Health Service's policy on the "Revaluation of Physical Non Current Assets" and "Investments", as discussed in Note 2(j).

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

	PARENT		CONSOLIDATION
	2009	2008	2009
	\$000	\$000	\$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	13,216	75,327	13,216
Later than one year and not later than five years	2,052	32,873	2,052
Total Capital Expenditure Commitments (including GST)	15,268	108,200	15,268
<p>Of the commitments reported at 30 June 2009 it is expected that \$4.825M will be met from locally generated moneys. The capital commitment is significantly less in comparison with the last Financial Year due to different commitment recognition methodology used by Health Infrastructure.</p>			
(b) Other Expenditure Commitments			
Aggregate other expenditure contracted for the acquisition of general goods and services contracted for at balance date and not provided for:			
Not later than one year	27,178	57,749	27,178
Total Other Expenditure Commitments (including GST)	27,178	57,749	27,178
(c) Operating Lease Commitments			
Commitments in relation to non-cancellable operating leases are payable as follows:			
Not later than one year	9,285	11,585	9,285
Later than one year and not later than five years	7,943	31,171	7,943
Later than five years	38,957	23,781	38,957
Total Operating Lease Commitments (including GST)	56,185	66,537	56,185

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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PARENT

CONSOLIDATION

2009 \$000	2008 \$000	29. Commitments for Expenditure (Continued)	2009 \$000	2008 \$000
4,835	4,745	(d) Finance Lease Commitments	4,835	4,745
14,268	16,110	Minimum lease payment commitments in relation to finance leases are payable as follows:	14,268	16,110
6,442	9,435	Not later than one year	6,442	9,435
		Later than one year and not later than five years		
		Later than five years		
25,545	30,290	Minimum Lease Payments (including GST)	25,545	30,290
4,377	5,638	Less: Future Finance Charges	4,377	5,638
2,322	2,754	Less: GST	2,322	2,754
18,846	21,898	Present value of minimum lease payments (including GST)	18,846	21,898
3,703	3,053	Not later than one year	3,703	3,053
12,521	14,033	Later than one year and not later than five years	12,521	14,033
2,622	4,812	Later than five years	2,622	4,812
18,846	21,898	Present value of minimum lease payments (including GST)	18,846	21,898
3,703	3,053	Classified as:	3,703	3,053
15,143	18,845	(a) Current (Note 25)	15,143	18,845
		(b) Non-Current (Note 25)		
18,846	21,898		18,846	21,898

Finance Lease commitment is in respect of Hawkesbury Private Hospital. The term of the lease is twenty years at which time the ownership of the buildings transfers to the NSW State Government.

(e) Contingent Asset related to Commitments for Expenditure

The total of "Commitments for Expenditure" above, i.e. \$124.176 million as at 30 June 2009 includes input tax credits of \$11.288M that are expected to be recoverable from the Australian Taxation Office.

11,288

11,288

23,888

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT AND CONSOLIDATION

30 Trust Funds

The Health Service holds trust fund monies of \$23.032 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the Health Service 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	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial reporting period	319	259	1,051	715	12,155	10,017	13,525	10,991
Receipts	50	149	1,191	544	23,893	32,785	25,134	33,478
Expenditure	(46)	(89)	(356)	(208)	(3,424)	(21,590)	(3,826)	(21,887)
Cash Transfer	-	-	-	-	(11,801)	(9,057)	(11,801)	(9,057)
Cash Balance at the end of the financial reporting period	323	319	1,886	1,051	20,823	12,155	23,032	13,525

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATED

31 Contingent Liabilities

a) Claims on Managed Fund

Since 1 July 1989, the Health Service has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of the Health Service all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by the Health Service. As such, since 1 July 1989, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against the Health Service. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July 1989 that were above the limit of insurance held or for matters that were incurred prior to 1 July 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against the Health Service.

b) 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 2002/03 fund year and an interim adjustment for the 2004/05 fund year were not calculated until 2008/09. As a result, the 2003/04 final and 2005/06 interim hindsight calculations will be paid in 2009/10.

c) Affiliated Health Organisations

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

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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

	PARENT	2009	2008	CONSOLIDATION
	\$000	\$000	\$000	\$000
32. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services				
Net Cash Flows from Operating Activities	(80,558)	(102,428)	(102,428)	(80,558)
Depreciation	76,460	54,220	54,220	76,460
Provision for Doubtful Debts	3,428	697	697	3,428
Acceptance by the Crown Entity of Employee Superannuation Benefits (Increase)/ Decrease in Provisions	33,880	33,702	22,677	22,060
Increase / (Decrease) in Prepayments and Other Assets	22,681	(31,567)	33,702	33,880
(Increase)/ Decrease in Creditors	(8,501)	55,982	(31,567)	22,681
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	13,064	3,025	55,982	(8,501)
NSW Health Department Recurrent Allocations	1,534,142	1,402,906	1,402,906	1,534,142
NSW Health Department Capital Allocations	83,535	83,011	83,011	83,535
	<u>1,678,131</u>	<u>1,499,548</u>	<u>1,522,225</u>	<u>1,700,191</u>

33. 2008/09 Voluntary Services

It is considered impracticable to quantify the monetary value of voluntary services provided to the health service. 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

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATED

34 Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended.

All money and personal effects of patients which are left in the custody of Health Services 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 health services.

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.

35 Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services result reflected the higher level of patient activities and increased demand pressure for services throughout 2008/09. The total expenditure variance to budget was impacted by the increased demand evident in the high operating expenditure for the year, particularly in patient care expenditures including payments to visiting medical officers, medical and surgical supplies as well as special services diagnostic type payments. The payments for utilities were also high throughout the year due to large increases in the price of electricity, gas and water. The result also included higher than budgeted technical adjustments for leave entitlements as a result of award increases. The increased demand pressure for services also continued to exceed the allowance for cost escalation received during the year.

The total revenue variance to budget was impacted by the increases evident in patient fees and user charges throughout the year which continue to reflect the significant ongoing priority assigned to ensuring the maximum generation of revenue throughout all local units of the Area Health Service. The Revenue result continues to offset somewhat the ever-increasing demand pressures evic

The Gain and Loss on disposal variance to budget reflected the need to write off a number of assets during the year.

Result for the Year

The result for the year was impacted by the Net Cost of Services (NCOS) as well as Total Government Contributions received for the year. The NCOS year-end result revealed the ongoing pressure of increased demand on expenditure including increases in operating costs for the year. This was partly offset by the level of revenue favourability to budget with the levels of revenue continuing to grow each year. The expenditure result was again impacted upon by the ongoing high levels of activity with a significant increase in acute admissions and an increase in emergency attendances again evident during the year.

Assets and Liabilities

The variation to budget for current asset was impacted by the trading result for the year and notably evident in the cash result with the receivables variance due to the increased focus on debtors follow-up through the year. The non current assets result was in line with budget. The variation to budget for current liabilities also reflected the trading result being impacted by the high level of expenditure associated with the increased levels of activity with the provisions variations impacted by the adjustment of leave entitlements for award increases. The non current liabilities result was in-line with budget.

Cash Flows

The variation in the cash result from operating activities was mainly due to the higher than budgeted NCOS evident from the trading result. The cash flow from investing activities variation to budget was impacted by the increased demand for capital expenditure during the year. The variation in the cash result from financing activities resulted from increased levels of borrowings and repayments required throughout the year.

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation on 27 June 2008 are as follows:

	\$000	
Initial Allocation, 27 June 2008	1,342,416	
Award Increases	48,471	
Special Projects		
Innovative Health Service for Homeless Youth Program	770	
Highly Specialised Drugs Program	3,570	
Youth Drug and Alcohol Court	1,361	
2008/09 National Mental Health Plan	4,422	10,123
Other		
PET Funding	1,200	
Nurse/Midwife Strategy allocation 2008_09	3,241	
Cerebrovascular Embolism	1,400	
Home Dialysis Fluids	1,090	
Inter Area and Interstate Patient Flows	122,637	
National Speciality Centres Pancreas Transplant	2,736	
Miscellaneous NCOS Funding	828	133,132
Balance as per Operating Statement	<u>1,534,142</u>	

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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36 **Financial Instruments**

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

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

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 Health Service, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors on a continuous basis.

a) **Financial Instrument Categories**

PARENT AND CONSOLIDATION

Financial Assets	Class:	Floating interest rate	Fixed interest rate maturing in:					Non-interest bearing	Total carrying amounts as per the Balance Sheet			Weighted average effective interest rate			
			1 year or less						Over 1 to 5 years	More than 5 years	2009 \$'000		2008 \$'000	2009 \$'000	2008 \$'000
			2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000								
Cash and Cash Equivalents (note 18)		6,944	102,100	98,100	-	-	-	110	109	109,154	111,463	6.78%	7.36%		
Receivables at Amortised Cost (note 19)1		-	-	-	-	-	55,067	80,424	55,067	80,424	80,424	N/A	N/A		
Total Financial Assets		6,944	102,100	98,100	-	-	55,177	80,533	164,221	191,887	191,887	N/A	N/A		
Financial Liabilities															
Borrowings (Note 25.)		-	16,226	7,435	33,112	24,233	-	4,836	-	51,983	36,504	N/A	N/A		
Payables (Note 24)2		-	-	-	-	-	137,006	147,338	137,006	137,006	147,338	N/A	N/A		
Total Financial Liabilities		-	16,226	7,435	33,112	24,233	137,006	147,338	188,989	183,842	183,842	N/A	N/A		

Notes

- 1 Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
- 2 Excludes unearned revenue (i.e. not within scope of AASB 7)

b) **Credit Risk**

Credit risk arises when there is the possibility of the Health Service's debtors defaulting on their contractual obligations, resulting in a financial loss to the Health Service. 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 Health Service i.e. receivables. No collateral is held by the Health Service nor has it granted any financial guarantees.

Cash

Sydney West Area Health Service
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Cash comprises cash on hand and bank balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 6.78% in 2008/09 compared to 7.36% in the previous year.

Receivables - Trade Debtors

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

The Health Service 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 (2009: \$11,964M; 2008: \$20,963M) and not more than 31 months past due (2009: \$13,707M; 2008: \$14,293M) are not considered impaired and together these represent 46.6% 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 Health Services' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have not been renegotiated.

The only financial assets that are past due or impaired are 'Sales of Goods and Services' in the 'Receivables' category of the balance sheet. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

	Total	Past due but not impaired	\$'000	Considered impaired
2009				
<3 months overdue	13,707	13,707	-	-
3 months - 6 months overdue	19,451	19,451	-	-
>6 months overdue	9,945	6,517	3,428	-
2008				
<3 months overdue	14,293	14,293	-	-
3 months - 6 months overdue	31,227	31,227	-	-
>6 months overdue	17,010	16,313	697	-

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

c) Liquidity Risk

Liquidity risk is the risk that the Health Service will be unable to meet its payment obligations when they fall due. The Health Service 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 Health Service has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

During the current and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Health Service's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Department of Health has indicated its ongoing financial support for the Sydney West Area Health Service (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Department of Health. If trade terms are not specified, payment is made

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no later than the end of the month following the month in which an invoice or a statement is received.

In those instances where settlement cannot be effected in accordance with the above, eg due to short term liquidity constraints, terms of payment are negotiated with creditors.

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			Weighted Average Effective int. rate
	Fixed Interest Rate	Variable Interest Rate	Nominal Amount	Variable Interest Rate	< 1 Yr	1-5 Yr	> 5Yr	
	%	%	\$	\$000	\$000	\$000	\$000	%
2009								
Payables:								
Accrued salaries	N/A		34,279		-	-	-	N/A
Wages and payroll deductions	N/A		8,877		-	-	-	N/A
Creditors	N/A		93,850		-	-	-	N/A
Borrowings:								
Non Interest Loans	N/A		5,200		3,091	2,109	-	N/A
Other Loans and Deposits	N/A	5.1-7.2	27,937	27,937	9,432	18,505	-	6.3
Finance leases	N/A	6.6-6.8	18,846	18,846	3,703	12,521	2,622	6.7
			188,989	46,783	16,226	33,135	2,622	
2008								
Accrued salaries	N/A		36,896		-	-	-	N/A
Wages and payroll deductions	N/A		14,894		-	-	-	N/A
Creditors	N/A		95,548		-	-	-	N/A
Borrowings:	N/A	5.9-6.4	14,606	12,580	4,382	10,200	24	6.2
Finance leases	N/A	6.6-7.1	21,898	21,898	3,052	14,033	4,813	6.9
			183,842	34,478	7,434	24,233	4,837	

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above will not reconcile to the balance sheet in respect of non interest bearing loans negotiated with the NSW Department of Health.

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d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Health Service's exposures to market risk are primarily through interest rate risk on the Health Service's borrowings. The Health Service 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 Health Service 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 balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

e) Interest rate risk

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

However, Health Services are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted).

Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. For financial instruments a reasonably possible change of +/-1% is consistent with trends in interest. The Health Service's exposure to interest rate risk is set out below.

	\$'000	-1%		+1%	
		Carrying Amount	Profit	Equity	Profit
2009					
Financial assets					
Cash and cash equivalents	109,154	-	-	-	-
Receivables	72,767	-	-	-	-
Financial liabilities					
Payables	137,006	-	-	-	-
Finance Lease	18,846	-	-	-	-
Borrowings	33,137	279	279	(279)	(279)
2008					
Financial assets					
Cash and cash equivalents	111,463	-	-	-	-
Receivables	97,006	-	-	-	-
Financial liabilities					
Payables	147,338	-	-	-	-
Finance Lease	21,898	-	-	-	-
Borrowings	14,606	126	126	(126)	(126)

f) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value because of the short term nature of many of the financial instruments.

37 Post Balance Date Events

The Sydney Area Health Service is not aware of any after balance date events that may impact on the Financial Statements.

END OF AUDITED FINANCIAL STATEMENTS