



Independent Auditor's Report

Health Administration Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Administration Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, service group statements and summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity, as at 30 June 2011, and of the financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, statement of financial position and statement of cashflows. My opinion should be read in conjunction with the rest of this report.

Director-General's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

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

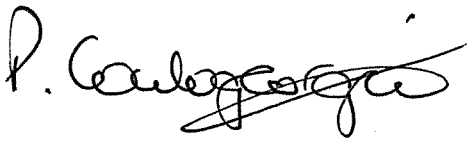
My opinion does *not* provide assurance:

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

Independence

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

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



Peter Coulogeorgiou
Director, Financial Audit Services

4 November 2011
SYDNEY

**Certification of Parent/Consolidated Financial Statements,
Health Administration Corporation for the Year Ended 30 June 2011**

Pursuant to Section 41C 1(B) & 1(C) of the Public Finance and Audit Act 1983, we state that in our opinion:

- (i) The financial statements have been prepared in accordance with:
- * Australian Accounting Standards (which include Australian Accounting Interpretations)
 - * the requirements of the *Public Finance and Audit Act 1983, the Public Finance and Audit Regulations 2010*, and the Treasurer's Directions.
- (ii) The financial statements exhibit a true and fair view of the financial position and financial performance of the Health Administration Corporation .
- (iii) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



John Roach
Chief Financial Officer



Dr Mary Foley
Director-General
3 November 2011

Health Administration Corporation
Statement of Comprehensive Income for the year ended 30 June 2011

Parent							Consolidated		
Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000		Notes	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000		
			Expenses excluding losses						
			Operating Expenses						
-----	-----	-----							
823,611	834,150	723,111	Employee Related	3	823,611	834,150	723,111		
670,685	666,541	495,298	Personnel Services	4	-----	-----	-----		
55,819	55,664	58,301	Other Operating Expenses	5	670,685	666,541	495,298		
22,669	21,573	21,104	Depreciation and Amortisation	6	55,819	55,664	58,301		
660	729	5,070	Grants and Subsidies	7	22,669	21,573	21,104		
<u>1,573,444</u>	<u>1,578,657</u>	<u>1,302,884</u>	Finance Costs	8	660	729	5,070		
			Total Expenses excluding losses		<u>1,573,444</u>	<u>1,578,657</u>	<u>1,302,884</u>		
			Revenue						
976,488	969,284	749,045	Sale of Goods and Services	9	976,488	969,284	749,045		
4,778	3,663	7,036	Investment Revenue	10	4,778	3,663	7,036		
39,237	51,250	20,007	Grants and Contributions	11	9,981	8,636	4,188		
8,164	17,636	8,109	Other Revenue	12	8,164	17,636	8,109		
<u>1,028,667</u>	<u>1,041,833</u>	<u>784,197</u>	Total Revenue		<u>999,411</u>	<u>999,219</u>	<u>768,378</u>		
(1,347)	(75)	(3,528)	Loss on Disposal	13	(1,347)	(75)	(3,528)		
(23,010)	(22,829)	(22,586)	Other Losses	14	(23,010)	(22,829)	(22,586)		
<u>569,134</u>	<u>559,728</u>	<u>544,801</u>	Net Cost of Services		<u>598,390</u>	<u>602,342</u>	<u>560,620</u>		
			Government Contributions						
			NSW Department of Health						
534,789	534,789	464,138	Recurrent Allocations	2(d)	534,789	534,789	464,138		
			NSW Department of Health						
98,913	99,649	100,023	Capital Allocations	2(d)	98,913	99,649	100,023		
			Acceptance by the Crown Entity of						
-----	-----	-----	Employee Benefits	2(a)	29,256	42,614	15,819		
(463)	-----	(138)	Asset Sale Proceeds Transferred to the NSW Department of Health		(463)	-----	(138)		
<u>633,239</u>	<u>634,438</u>	<u>564,023</u>	Total Government Contributions		<u>662,495</u>	<u>677,052</u>	<u>579,842</u>		
<u>64,105</u>	<u>74,710</u>	<u>19,222</u>	RESULT FOR THE YEAR		<u>64,105</u>	<u>74,710</u>	<u>19,222</u>		
			Other Comprehensive Income						
			Net Increase in Property, Plant & Equipment						
18,818	-----	3,003	Asset Revaluation Reserve		18,818	-----	3,003		
<u>18,818</u>	-----	<u>3,003</u>	Other comprehensive Income for the Year		<u>18,818</u>	-----	<u>3,003</u>		
<u>82,923</u>	<u>74,710</u>	<u>22,225</u>	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>82,923</u>	<u>74,710</u>	<u>22,225</u>		

#1 Grants & Contributions Parent = Grants & Contributions + Acceptance by Crown Consolidation

#2 The Parent does not report Crown Acceptance (see Grant Revenue)

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Changes in Equity for the year ended 30 June 2011

Parent and Consolidated

	Accumulated		Total
	Funds	Asset Revaluation Surplus	
	\$000	\$000	\$000
Balance at 1 July 2010	273,914	63,134	337,048
Result For The Year	64,105	-----	64,105
Other Comprehensive Income:			
Net Increase in Property, Plant & Equipment	-----	18,818	18,818
Other Transfers	-----	-----	-----
Total Other Comprehensive Income	-----	18,818	18,818
Total Comprehensive Income For The Year	64,105	18,818	82,923
Transactions With Owners In Their Capacity As Owners			
Increase in Net Assets From Equity Transfers	121,264	-----	121,264
Balance at 30 June 2011	459,283	81,952	541,235
Balance at 1 July 2009			
Result For The Year	252,493	58,988	311,481
Other Comprehensive Income:	19,222	-----	19,222
Net Increase in Property, Plant & Equipment	-----	3,003	3,003
Other Transfers	(1,143)	1,143	-----
Total Other Comprehensive Income	(1,143)	4,146	3,003
Total Comprehensive Income For The Year	18,079	4,146	22,225
Transactions With Owners In Their Capacity As Owners			
Increase in Net Assets From Equity Transfers	3,342	-----	3,342
Balance at 30 June 2010	273,914	63,134	337,048

Notes

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The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Financial Position as at 30 June 2011

Parent			Consolidated				
Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Notes	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	
			ASSETS				
			Current Assets				
106,565	86,675	83,983	Cash and Cash Equivalents	17	106,565	86,675	83,983
202,516	212,866	178,397	Receivables	18	202,516	212,866	178,397
14,288	10,511	11,024	Inventories	19	14,288	10,511	11,024
2,044	1,858	1,858	Non-Current Assets Held for Sale	20	2,044	1,858	1,858
6,937	14,971	17,702	Other Financial Assets	21	6,937	14,971	17,702
<u>332,350</u>	<u>326,881</u>	<u>292,964</u>	Total Current Assets		<u>332,350</u>	<u>326,881</u>	<u>292,964</u>
			Non-Current Assets				
3,771	2,220	857	Receivables	18	3,771	2,220	857
13,685	32,736	32,790	Other Financial Assets	21	13,685	32,736	32,790
			Property, Plant and Equipment	22			
208,481	191,398	190,794	- Land and Buildings		208,481	191,398	190,794
117,279	106,578	90,361	- Plant and Equipment		117,279	106,578	90,361
79	83	83	- Infrastructure Systems		79	83	83
<u>325,839</u>	<u>298,059</u>	<u>281,238</u>	Total Property, Plant and Equipment		<u>325,839</u>	<u>298,059</u>	<u>281,238</u>
204,496	217,521	159,914	Intangible Assets	23	204,496	217,521	159,914
<u>547,791</u>	<u>550,536</u>	<u>474,799</u>	Total Non-Current Assets		<u>547,791</u>	<u>550,536</u>	<u>474,799</u>
<u><u>880,141</u></u>	<u><u>877,417</u></u>	<u><u>767,763</u></u>	Total Assets		<u><u>880,141</u></u>	<u><u>877,417</u></u>	<u><u>767,763</u></u>
			LIABILITIES				
			Current Liabilities				
181,644	189,156	165,122	Payables	25	181,644	189,156	165,122
9,375	201	201	Borrowings	26	9,375	201	201
145,010	257,775	243,470	Provisions	27	145,010	257,775	243,470
1,700	4,946	3,029	Other	28	1,700	4,946	3,029
<u>337,729</u>	<u>452,078</u>	<u>411,822</u>	Total Current Liabilities		<u>337,729</u>	<u>452,078</u>	<u>411,822</u>
			Non-Current Liabilities				
375	330	138	Borrowings	26	375	330	138
645	15,374	18,650	Provisions	27	645	15,374	18,650
157	105	105	Other	28	157	105	105
<u>1,177</u>	<u>15,809</u>	<u>18,893</u>	Total Non-Current Liabilities		<u>1,177</u>	<u>15,809</u>	<u>18,893</u>
<u>338,906</u>	<u>467,887</u>	<u>430,715</u>	Total Liabilities		<u>338,906</u>	<u>467,887</u>	<u>430,715</u>
<u>541,235</u>	<u>409,530</u>	<u>337,048</u>	Net Assets		<u>541,235</u>	<u>409,530</u>	<u>337,048</u>
			EQUITY				
81,952	63,134	63,134	Reserves		81,952	63,134	63,134
459,283	346,396	273,914	Accumulated Funds		459,283	346,396	273,914
<u>541,235</u>	<u>409,530</u>	<u>337,048</u>	Total Equity		<u>541,235</u>	<u>409,530</u>	<u>337,048</u>

The accompanying notes form part of these financial statements

Health Administration Corporation
Statement of Cash Flows for the year ended 30 June 2011

Parent			Consolidated			
Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000	Notes	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
-----	-----	-----				
(24,861)	(21,573)	(23,178)		(844,621)	(780,507)	(676,790)
(980)	(729)	-----		(24,861)	(21,573)	(23,178)
(1,696,272)	(1,421,139)	(1,278,293)		(980)	(729)	-----
(1,722,113)	(1,443,441)	(1,301,471)		(851,651)	(640,632)	(601,503)
				<u>(1,722,113)</u>	<u>(1,443,441)</u>	<u>(1,301,471)</u>
Receipts						
1,028,539	910,623	793,903		1,028,539	910,623	793,903
4,175	3,663	4,319		4,175	3,663	4,319
180,268	26,272	22,395		180,268	26,272	22,395
<u>1,212,982</u>	<u>940,558</u>	<u>820,617</u>		<u>1,212,982</u>	<u>940,558</u>	<u>820,617</u>
Cash Flows From Government						
534,789	534,789	464,138		534,789	534,789	464,138
98,913	99,649	100,023		98,913	99,649	100,023
3,549	-----	-----		3,549	-----	-----
(463)	-----	(138)		(463)	-----	(138)
<u>636,788</u>	<u>634,438</u>	<u>564,023</u>		<u>636,788</u>	<u>634,438</u>	<u>564,023</u>
<u>127,657</u>	<u>131,555</u>	<u>83,169</u>	31	<u>127,657</u>	<u>131,555</u>	<u>83,169</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
1,315	2,966	1,356		1,315	2,966	1,356
-----	-----	-----		-----	-----	-----
(113,562)	(133,133)	(84,749)		(113,562)	(133,133)	(84,749)
-----	2,785	-----		-----	2,785	-----
<u>(112,247)</u>	<u>(127,382)</u>	<u>(83,393)</u>		<u>(112,247)</u>	<u>(127,382)</u>	<u>(83,393)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
45,545	192	-----		45,545	192	-----
(36,700)	-----	(17,890)		(36,700)	-----	(17,890)
<u>8,845</u>	<u>192</u>	<u>(17,890)</u>		<u>8,845</u>	<u>192</u>	<u>(17,890)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES						
24,255	4,365	(18,114)		24,255	4,365	(18,114)
83,983	83,983	102,097		83,983	83,983	102,097
(1,673)	(1,673)	-----		(1,673)	(1,673)	-----
<u>106,565</u>	<u>86,675</u>	<u>83,983</u>	17	<u>106,565</u>	<u>86,675</u>	<u>83,983</u>
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements

Health Administration Corporation
Service Group Statements
for the year ended 30 June 2011

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 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Not Attributable		Total				
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011		
	\$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	10,347	22,587	304	327	15,017	8,639	475,454	436,240	222,789	171,137	39,392	26,324	44,352	41,354	2,035	1,386	13,921	15,117					823,611	723,111	
Other Operating Expenses	24,722	21,608	1,124	336	41,566	10,019	179,122	178,203	260,899	198,956	43,970	29,201	95,071	46,894	6,341	1,572	17,870	9,109					670,685	495,298	
Depreciation and Amortisation	1,695	2,577	80	38	3,514	1,176	22,506	21,489	19,932	22,902	3,194	3,495	3,238	5,648	424	189	1,236	787					55,819	58,301	
Grants and Subsidies	1,486	1,390	70	20	2,454	633	2,427	1,057	11,288	12,322	1,799	1,880	1,839	3,045	367	102	939	655					22,669	21,104	
Finance Costs	3	344	-----	5	5	157	4	182	473	3,059	86	467	87	755	1	25	1	76					660	5,070	
Total Expenses excluding losses	38,253	48,506	1,578	726	62,556	20,624	679,513	637,171	515,381	407,776	88,441	61,367	144,587	97,696	9,168	3,274	33,967	25,744					1,573,444	1,302,884	
Revenue																									
Sale of Goods and Services	28,317	12,937	1,342	562	52,611	19,348	214,006	203,330	467,179	381,291	78,838	56,248	109,497	62,435	6,999	3,375	17,689	9,519					976,488	749,045	
Investment Revenue	184	99	5	4	276	154	2,586	2,548	1,042	3,099	219	458	234	486	81	26	151	162					4,778	7,036	
Grants and Contributions	619	55	29	2	1,057	82	1,104	573	5,019	1,613	800	241	809	267	153	14	391	1,341					9,981	4,188	
Other Revenue	160	16	8	1	271	23	5,077	6,975	1,399	460	226	69	876	76	40	4	107	485					8,164	8,109	
Total Revenue	29,280	13,107	1,384	569	54,215	19,607	222,773	213,426	474,639	386,463	80,083	57,016	111,416	63,264	7,273	3,419	18,348	11,507					999,411	768,378	
Gain / (Loss) on Disposal	(55)	(49)	(3)	(2)	(116)	(72)	(209)	(1,460)	(687)	(1,415)	(109)	(233)	(111)	(235)	(13)	(13)	(44)	(49)					(1,347)	(3,528)	
Other Gains / (Losses)	(10)	(5)	-----	-----	(19)	(7)	(22,812)	(22,379)	(121)	(145)	(20)	(22)	(20)	(24)	(2)	(1)	(6)	(3)					(23,010)	(22,586)	
Net Cost of Services	9,038	35,453	197	159	8,476	1,096	479,761	447,584	41,550	22,873	8,487	4,606	33,302	34,691	1,910	(131)	15,669	14,289					596,390	560,620	
Government Contributions**																									
RESULT FOR THE YEAR	9,038	35,453	197	159	8,476	1,096	479,761	447,584	41,550	22,873	8,487	4,606	33,302	34,691	1,910	(131)	15,669	14,289					633,702	579,842	
Other Comprehensive Income																									
Net Increase in Property, Plant & Equipment																									
Asset Revaluation Reserve	27	204	1	3	515	93	12,271	108	4,528	1,811	722	276	730	448	7	15	17	45					18,818	3,003	
Total Other Comprehensive Income	27	204	1	3	515	93	12,271	108	4,528	1,811	722	276	730	448	7	15	17	45					18,818	3,003	
TOTAL COMPREHENSIVE INCOME	9,065	35,657	198	162	8,991	1,189	492,032	447,692	46,078	24,684	9,209	4,882	34,032	35,139	1,917	(116)	15,686	14,334					82,923	22,225	

* The name and purpose of each Service Group is summarised in Note 16.
The Service Group Statement uses statistical data to 31 December 2010 to allocate the current period's financial information on expenses and revenue to each service group.
No changes have occurred during the period between 1 January 2011 and 30 June 2011 which would materially impact this allocation.

** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the "Not Attributable" column.

Health Administration Corporation
Service Group Statements (cont.)
for the year ended 30 June 2011

SERVICE'S 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 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Not Attributable		Total			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	
	\$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	2,917	2,489	99	38	5,189	987	53,118	47,546	28,659	22,009	4,994	3,048	7,967	4,592	878	152	2,744	3,122	2,744	3,122	106,565	83,983	106,565	83,983
Receivables	13,992	2,551	320	106	19,480	4,031	24,587	27,201	88,792	116,799	18,268	12,468	23,202	11,927	6,319	616	7,556	2,698	7,556	2,698	202,516	178,397	202,516	178,397
Inventories	961	715	46	11	1,588	326	1,088	891	7,388	6,337	1,179	967	1,193	1,566	238	53	607	158	607	158	14,288	11,024	14,288	11,024
Other Financial Assets	22	652	1	10	73	297	75	345	4,930	13,896	880	882	937	1,428	5	48	14	144	14	144	6,937	17,702	6,937	17,702
Non-Current Assets Held for Sale	-----	16	-----	-----	-----	-----	2,030	1,802	-----	-----	-----	3	-----	-----	-----	-----	14	37	14	37	2,044	1,858	2,044	1,858
Total Current Assets	17,892	6,423	466	165	26,330	5,641	80,898	77,785	129,769	159,041	25,321	17,368	33,299	19,513	7,440	869	10,935	6,159	10,935	6,159	332,350	292,964	332,350	292,964
Non-Current Assets																								
Receivables	217	12	10	-----	359	11	761	533	1,704	215	263	33	266	35	54	2	137	16	137	16	3,771	857	3,771	857
Financial Assets at Fair Value	46	2,427	2	36	79	1,106	56	1,285	9,839	18,623	1,769	3,283	1,854	5,917	11	178	29	535	29	535	13,685	32,790	13,685	32,790
Property, Plant and Equipment																								
- Land and Buildings	217	3,194	10	52	2,602	806	174,330	161,190	22,625	15,087	3,613	2,662	3,665	3,874	54	130	1,365	3,799	1,365	3,799	208,481	190,794	208,481	190,794
- Plant and Equipment	2,165	4,159	100	62	5,874	1,769	42,514	34,018	49,967	34,598	6,844	5,307	7,844	8,493	559	285	1,612	1,670	1,612	1,670	117,279	90,361	117,279	90,361
- Infrastructure Systems	-----	6	-----	-----	5	3	7	3	51	50	8	8	8	12	-----	-----	-----	1	-----	1	79	83	79	83
Intangible Assets	14,416	10,874	683	160	23,806	4,957	16,315	5,757	101,498	96,429	17,453	14,712	17,655	23,827	3,563	800	9,107	2,999	9,107	2,999	204,496	159,915	204,496	159,915
Total Non-Current Assets	17,061	20,672	805	310	32,725	8,652	233,933	202,786	185,684	165,002	29,950	26,005	31,092	41,558	4,241	1,395	12,250	8,420	12,250	8,420	547,791	474,800	547,791	474,800
Total Assets	34,953	27,095	1,271	475	59,055	14,293	314,881	280,571	315,453	324,043	55,271	43,373	64,391	61,071	11,681	2,264	23,185	14,579	23,185	14,579	880,141	767,764	880,141	767,764
LIABILITIES																								
Current Liabilities																								
Payables	12,942	4,948	274	74	17,496	2,650	35,873	44,960	69,030	90,144	15,611	8,513	17,169	10,607	5,993	337	7,256	2,889	7,256	2,889	181,644	165,122	181,644	165,122
Borrowings	708	14	34	-----	1,179	6	815	7	4,263	121	872	19	882	30	175	1	447	3	447	3	9,375	201	9,375	201
Provisions	2,037	7,921	64	121	2,738	3,039	92,563	143,726	32,927	59,617	5,781	9,267	6,203	14,575	379	489	2,318	4,715	2,318	4,715	145,010	243,470	145,010	243,470
Other	217	205	1	3	245	94	250	110	370	1,818	180	278	209	450	131	15	97	56	97	56	1,700	3,029	1,700	3,029
Total Current Liabilities	15,904	13,088	373	198	21,658	5,789	129,501	188,803	106,590	151,700	22,444	18,077	24,463	25,662	6,678	842	10,118	7,663	10,118	7,663	337,729	411,822	337,729	411,822
Non-Current Liabilities																								
Borrowings	-----	-----	-----	-----	-----	-----	-----	-----	375	138	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	375	138	-----	-----
Provisions	-----	453	-----	7	-----	168	645	12,579	-----	3,786	-----	515	-----	808	-----	27	-----	307	-----	307	645	18,650	-----	-----
Other	-----	-----	-----	-----	-----	1	-----	3	157	95	-----	4	-----	1	-----	-----	-----	1	-----	1	157	106	-----	-----
Total Non-Current Liabilities	-----	453	-----	7	-----	169	645	12,582	532	4,019	-----	519	-----	809	-----	27	-----	308	-----	308	1,177	18,894	-----	-----
Total Liabilities	15,904	13,541	373	205	21,658	5,958	130,146	201,385	107,122	155,719	22,444	18,596	24,463	26,471	6,678	869	10,118	7,971	10,118	7,971	338,906	430,716	338,906	430,716
Net Assets	19,049	13,554	898	270	37,397	8,335	184,735	79,186	208,331	168,324	32,827	24,777	39,928	34,600	5,003	1,395	13,067	6,608	13,067	6,608	541,235	337,048	541,235	337,048

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

Assets and liabilities that are specific to service groups are allocated accordingly, eg Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(z), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

Health Administration Corporation
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1 The Health Administration Corporation Reporting Entity

From 17 March 2006 the Director General became responsible for providing health support services. Under Section 8A of the *Health Administration Act 1982* the Director General has determined that Health Administration Corporation (HAC) may exercise this function.

HAC consists of a number of units established under the Public Health System Support Division of HAC in accordance with the provisions of the *Health Services Act 1997*. These divisions are as follows:

- * Health Support Services (HSS) established on 24 April 2008 from the merger of the former Health Technology and Health Support units to provide financial, payroll, linen, food, information and other health support services to the health sector;
- * The Ambulance Service of NSW transferred to HAC on 17 March 2006 after the *Ambulance Service Act 1990* was repealed;
- * Health Infrastructure established on 1 July 2007 to provide a broad range of asset services in connection with public health organisations, eg the management and coordination of Government approved capital works projects.
- * Policy and Technical Support, established on 1 July 2010 to provide support to the Statutory Health Corporations, the Agency for Clinical Innovation and Clinical Excellence Commission. Up to 30 June 2010 inclusive HAC also included the NSW Institute of Medical Education and Training as established on 1 September 2005. The net assets of the Institute transferred to the control of the Clinical Education and Training Institute on 1 July 2010, per *Health Services Act Amendment Order*.
- * On 22 November 2010 it was announced that three clinical support divisions would be established under HAC to provide support to local health districts but these divisions were subsequently dissolved without trading.

HAC, as a reporting entity, also encompasses the Special Purposes and Trust Funds of these units which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by HAC. HAC is a not-for-profit entity (as profit is not its principal objective).

The Public Health System Support 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*. The Division is also controlled by HAC and provides personnel services to enable HAC to exercise its functions and, in accordance with Australian Accounting Standards, is consolidated with the financial statements.

As a consequence the values in the annual financial statements presented herein consist of HAC (as the parent entity) and the consolidated financial statements of the economic entity. Separate financial statements of the special purpose service entity are not presented in the consolidated statements. Notes capture both the parent and consolidated values with Notes 3, 4, 25, 27 and 31 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 financial statements prepared for both the NSW Department of Health and the NSW Total State Sector Accounts.

The consolidated financial statements for the year ended 30 June 2011 have been authorised for issue by the Chief Financial Officer and Director General on 3 November 2011.

2. Summary of Significant Accounting Policies

Basis of Preparation

HAC's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2010*, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act. The requirements of the *Health Services Act 1997* and its regulations including observation of the Accounts and Audit Determination for Public Health Organisations have also been observed.

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

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

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

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

Statement of Compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Accounting standards and interpretations issued but not yet effective

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial statements of the Department.

AASB 2010-07, Financial Instruments, arising from the issuance of AASB 9, Financial Instruments, in AASB 2009-5 in December 2010, has mandatory application from 1 July 2013 and will not be early adopted by HAC.

AASB 124 and AASB2009-12, Related Party Transactions, have application from 1 July 2011 but are assessed as having no material impact on HAC.

AASB 2009-14, Amendments to Australian Interpretation -Prepayment of a Minimum Funding Requirement, has application from 1 July 2011 and principally addresses contributions relating to future service. It has no impact on HAC.

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

AASB 2010-04, Annual Improvements, has application from 1 July 2011 and is assessed as having no material impact on HAC.

AASB 2010-5, Editorial Corrections, applies from 1 July 2011 and principally addresses editorial amendments to a range of Australian Accounting Standards and Interpretations. It is assessed as having no impact on HAC.

AASB 2010-6, Disclosures on Transfers of Financial Assets, has mandatory application from 1 July 2011 and is assessed as having no impact on HAC.

AASB 2010-8, Deferred Tax: Recovery of Underlying Assets, has mandatory application from 1 July 2012 but will have no impact on HAC.

AASB 2010-9, Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters, has application from 1 July 2011 and is assessed as having no impact on HAC.

AASB 2010-10, Removal of Fixed Dates for First Time Adopters, has application from 1 July 2013 and is assessed as having no impact on HAC.

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

- a) **Employee Related Expenses**
 - 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.

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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 between 15.3% and 21.1% are applied to the value of leave payable at 30 June 2011, such on-costs being consistent with actuarial assessment. (Comparable on-costs for 30 June 2010 were 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

Responsibility for Long Service Leave liability transferred to the Crown Entity with effect from 31 December 2010. Like other Budget Sector entities, both the Defined Benefit Superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) and Long Service Leave liability are now assumed by the Crown Entity.

HAC's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. HAC 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 25, "Payables". Long Service Leave is measured at present value in accordance with AASB119 *Employee Benefit*. This is based on the application of certain factors (specified in NSWTC 11/06) to employees with five or more years of service using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The 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 (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Death and Disability Scheme

In February 2008 the Ambulance Service Death and Disability Award (the Award) was established. The Award provided death and disability benefits for eligible employees including:

- A partial and permanent disability benefit
- A total and permanent disability benefit
- A death benefit payable to the family or estate
- On and off duty and disability benefit

The Award provides that the eligible employees are required to contribute a percentage of salary. Funds are administered by Pillar Administration in respect of death and total permanent disability from February 2008 whilst death and total permanent disability for the period November 2006 to February 2008 and partial permanent disability are managed within Special Purpose and Trust Fund monies dedicated for this purpose. Actuarial advice obtained indicates inter alia that, in the absence of a significant claims history, the present cash backing is deemed appropriate.

iv) Other Provisions

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

b) Insurance

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

Health Administration Corporation
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c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with the Department's mandate.

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

Revenue from the rendering of services is generally recognised as revenue when the service is provided.

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 HAC'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.

Grants and Contributions

Grants and Contributions are generally recognised as revenues when HAC 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 HAC as adjusted for approved supplementations mostly for salary agreements, computer hardware/software acquisitions and approved enhancement projects. e.g for rescue services. This allocation is included in the Statement of Comprehensive Income 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.

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

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

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

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

f) Acquisition of Assets

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

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

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

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

Land and Buildings which are owned by HAC or the State and administered by the Health Service (other than Health Infrastructure, Health Support Services, Policy and Technical Support and the Ambulance Service of NSW) are deemed to be controlled by the Health Service and are reflected as such in their financial statements.

Health Infrastructure manages all major works in progress on behalf of Health Services. The value of works in progress managed by Health Infrastructure during the year has been transferred to Health Services at year end. This is because Health Services will receive the future economic benefit from the asset constructed.

g) Capitalisation Thresholds

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

h) Depreciation of Property, Plant & Equipment

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

Details of depreciation rates initially applied are consistent with previous years for major asset categories and 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%
Passenger Motor Vehicles	12.5%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%
Ambulance Vehicles	11.75%
Trucks and Vans	20.0%

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

"Infrastructure Systems" means assets that comprise public facilities which provide essential services and enhance the productive capacity of the economy including roads.

i) 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".

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.

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HAC revalues its Land and Buildings at minimum every three years by independent valuation and with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. To ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date, indices provided in expert advice from the Land and Property Management Authority are applied. The indices reflect an assessment of movements in the period between revaluations.

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

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.

j) Impairment of Property, Plant and Equipment

As a not-for-profit entity, HAC is effectively exempted from AASB 136 "*Impairment of Assets*" and impairment testing. This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

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

HAC 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 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.

l) Intangible Assets

HAC recognises intangible assets only if it is probable that future economic benefits will flow to HAC 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 Intangible Assets listed by HAC constitute software which is amortised over three to five years based on the useful life of the asset for both internally developed assets and direct acquisitions.

The useful life 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 HAC's intangible assets, the assets are carried at cost less any accumulated amortisation.

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HAC's intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

m) Maintenance

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

n) Leased Assets

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

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

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

o) Inventories Held for Distribution

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

Obsolete items are disposed of in accordance with instructions issued by the NSW Department of Health.

p) Loans and Receivables

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

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

q) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs.

HAC 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 - HAC 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 result for the year.

The Hour-Glass Investment facilities are designed 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 HAC has been developed consistent with the investment powers granted under the provision of the *Public Authorities (Financial Arrangements) Act*. T Corp investments are permissible in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposure.

Health Administration Corporation
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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 HAC 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 Result for the Year when impaired, derecognised or through the amortisation process.
- * *Available-for-sale investments* - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the Result for the Year. However, interest calculated using the effective interest method and dividends are recognised in the Result for the Year.

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

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

r) Impairment of financial assets

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

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

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

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

s) De-recognition of Financial Assets and Financial Liabilities

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

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

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

A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expires.

t) Payables

These amounts represent liabilities for goods and services provided to HAC and its controlled entities 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.

Health Administration Corporation
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u) Borrowings

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

v) Budgeted Amounts

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

w) 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". This treatment is consistent with AASB1004 "Contributions" and Australian Interpretation 1038 "Contributions By Owners Made to Wholly-Owned Public Sector Entities."

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government 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 the asset.

x) Equity and Reserve

(i) Asset Revaluation Reserve

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

(ii) Accumulated Funds

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

(iii) Separate Reserves

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

y) Trust Funds

HAC receives monies in a trustee capacity for various trusts as set out in Note 35. As HAC performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of HAC's own objectives, they are not brought to account in the financial statements.

z) 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 2010 which is then applied to the current period's financial information.

In respect of Assets and Liabilities the Department requires that all HAC units 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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

Parent			Consolidated	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	604,354	545,646
----	----	Superannuation - Defined Benefit Plans	17,979	15,819
----	----	Superannuation - Defined Contribution Plans	44,265	38,061
----	----	Long Service Leave	25,947	26,025
----	----	Annual Leave	72,016	59,203
----	----	Redundancies	2,227	1,982
----	----	Workers' Compensation Insurance	47,479	23,360
----	----	Fringe Benefits Tax	450	390
----	----	Death and Disability Self Insurance Scheme	8,894	12,625
-----	-----		<u>823,611</u>	<u>723,111</u>
The following additional information is provided:				
----	----	Employee Related Expenses Capitalised - Intangibles	5,493	7,025
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
604,354	545,646	Salaries and Wages	----	----
17,979	15,819	Superannuation - Defined Benefit Plans	----	----
44,265	38,061	Superannuation - Defined Contribution Plans	----	----
25,947	26,025	Long Service Leave	----	----
72,016	59,203	Annual Leave	----	----
2,227	1,982	Redundancies	----	----
47,479	23,360	Workers' Compensation Insurance	----	----
450	390	Fringe Benefits Tax	----	----
8,894	12,625	Death and Disability Self Insurance Scheme	----	----
<u>823,611</u>	<u>723,111</u>		<u>----</u>	<u>----</u>
The following additional information is provided:				
5,493	7,025	Personnel Services Expenses Capitalised -Intangibles	----	----
5. Other Operating Expenses				
20,525	17,332	Domestic Supplies and Services	20,525	17,332
62,587	48,762	Food Supplies	62,587	48,762
7,177	4,746	Drug Supplies	7,177	4,746
6,499	6,435	Fuel, Light and Power	6,499	6,435
250,624	55,134	General Expenses (See (a) below)	250,624	55,134
126,776	52,651	Information Management Expenses	126,776	52,651
3,715	3,469	Insurance	3,715	3,469
Maintenance (See (b) below)				
7,040	7,106	Maintenance Contracts	7,040	7,106
37,463	37,528	New/Replacement Equipment under Capitalisation Threshold	37,463	37,528
12,408	13,151	Repairs/Maintenance/Non-Contract	12,408	13,151
21,236	147,909	Medical and Surgical Supplies	21,236	147,909
5,161	6,770	Postal and Telephone Costs	5,161	6,770
3,705	3,202	Printing and Stationery	3,705	3,202
2,641	2,250	Rates and Charges	2,641	2,250
9,271	7,460	Rental	9,271	7,460
28,236	9,998	Staff Related Costs	28,236	9,998
62,074	60,843	Ambulance Aircraft Expenses	62,074	60,843
3,261	5,747	Travel Related Costs	3,261	5,747
286	4,805	Special Service Departments	286	4,805
<u>670,685</u>	<u>495,298</u>		<u>670,685</u>	<u>495,298</u>

In 2010-11 a uniform mapping methodology was utilised across all entities under the control of the Department.

In some cases this has resulted in movements within reportable line items from the previous year's comparatives.

The changes, most pronounced in respect of the reclassification of \$130.273M from Medical and Surgical Supplies to General Expenses, have no impact on the overall value of Net Cost of Services reported.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

Parent			Consolidated	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		(a) General Expenses include:-		
425	218	Advertising	425	218
997	437	Auditor's Remuneration - Audit of Financial Statements	997	437
441	393	Books, Magazines and Journals	441	393
3,553	5,699	Consultancies, Operating Activities	3,553	5,699
1,631	1,117	Consultancies, Capital Works	1,631	1,117
3,071	2,256	Courier and Freight	3,071	2,256
291	345	Data Recording and Storage	291	345
639	503	Legal Expenses	639	503
21,454	20,780	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	21,454	20,780
525	582	Other Operating Lease Expense - Minimum Lease Payments	525	582
45	15	Payroll Services	45	15
498	324	Security Services	498	324
14,271	10,183	Vehicle Registration/ Other Motor Vehicle Expenses	14,271	10,183
		(b) Reconciliation Total Maintenance		
56,911	57,785	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	56,911	57,785
4,535	3,761	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	4,535	3,761
<u>61,446</u>	<u>61,546</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>61,446</u>	<u>61,546</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

Parent			Consolidated	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
6. Depreciation and Amortisation				
8,201	7,724	Depreciation - Buildings	8,201	7,724
32,638	33,854	Depreciation - Plant and Equipment	32,638	33,854
255	556	Amortisation -Leasehold Improvements	255	556
5	-----	Depreciation - Infrastructure Systems	5	-----
14,720	16,167	Amortisation- Intangible Assets	14,720	16,167
55,819	58,301		55,819	58,301
7. Grants and Subsidies				
1,714	312	Non-Government Organisations	1,714	312
20,955	20,792	Community Aged Care Packages	20,955	20,792
22,669	21,104		22,669	21,104
8. Finance Costs				
660	5,070	Interest	660	5,070
660	5,070		660	5,070
9. Sale of Goods and Services				
24,267	23,856	Commercial Activities	24,267	23,856
5	288	Fees for Medical Records	5	288
184,321	178,929	Patient Transport Fees	184,321	178,929
3,772	3,581	Use of Ambulance Facilities	3,772	3,581
371	346	Salary Packaging Fee	371	346
-----	145,049	Medical and Surgical Supplies	-----	145,049
659,253	107,643	Shared Corporate Services	659,253	107,643
82,401	82,132	Linen Service Revenues	82,401	82,132
13,870	199,206	Food/Hotel Services	13,870	199,206
8,228	8,015	Other	8,228	8,015
976,488	749,045		976,488	749,045
<p><i>In 2010-11 a uniform mapping methodology was utilised across all entities under the control of the Department.</i></p> <p><i>In some cases this has resulted in movements within reportable line items from the previous year's comparatives.</i></p> <p><i>The changes principally relate to the reclassification of Medical and Surgical Supplies (\$145.049M) and Food/Hotel Services (\$192.206M) revenue and have no impact on the overall value of Net Cost of Services reported.</i></p> <p><i>Once adjusted for the above, Shared Corporate Services has increased by approximately \$229M which reflects further transitioning of services in 2010/11.</i></p>				
10. Investment Revenue				
1,153	639	TCorp Hour-Glass Investment Facilities at Fair Value through Profit or Loss	1,153	639
604	656	Lease and Rental Revenue	604	656
3,021	5,741	Interest on Bank Accounts and Term Deposits	3,021	5,741
4,778	7,036		4,778	7,036

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

Parent			Consolidated	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
11. Grants and Contributions				
119	333	Industry Contributions/Donations	119	333
1,625	1,605	Commonwealth Government Grants	1,625	1,605
16,520	15,791	Personnel Services - Superannuation Defined Benefit	-----	-----
6,610	-----	Personnel Services - Long Service Leave	-----	-----
14,363	2,278	Other Grants	8,237	2,250
<u>39,237</u>	<u>20,007</u>		<u>9,981</u>	<u>4,188</u>
12. Other Revenue				
Other Revenue comprises the following:-				
47	165	Bad Debts Recovered	47	165
309	255	Conference and Training Fees	309	255
111	84	Sale of Merchandise	111	84
128	1,677	Treasury Managed Fund Hindsight Adjustment	128	1,677
7,569	5,928	Other	7,569	5,928
<u>8,164</u>	<u>8,109</u>		<u>8,164</u>	<u>8,109</u>
13. Loss on Disposal of Non-Current Assets				
17,605	50,342	Property, Plant and Equipment	17,605	50,342
(16,192)	(46,959)	Less Accumulated Depreciation	(16,192)	(46,959)
1,413	3,383	Written Down Value	1,413	3,383
(339)	(400)	Less Proceeds from Disposal	(339)	(400)
<u>(1,074)</u>	<u>(2,983)</u>	Loss on Disposal of Property, Plant and Equipment	<u>(1,074)</u>	<u>(2,983)</u>
-----	545	Intangibles	-----	545
-----	-----	Less Proceeds from Disposal	-----	-----
<u>-----</u>	<u>(545)</u>	Loss on Disposal of Intangible Assets	<u>-----</u>	<u>(545)</u>
761	956	Assets Held for Sale	761	956
(488)	(956)	Less Proceeds from Disposal	(488)	(956)
<u>(273)</u>	<u>-----</u>	Loss on Disposal of Assets Held for Sale	<u>(273)</u>	<u>-----</u>
<u>(1,347)</u>	<u>(3,528)</u>	Loss on Disposal	<u>(1,347)</u>	<u>(3,528)</u>
14. Other Losses				
(23,010)	(22,586)	Impairment of Receivables	(23,010)	(22,586)
<u>(23,010)</u>	<u>(22,586)</u>		<u>(23,010)</u>	<u>(22,586)</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

15. Conditions on Contributions

Parent and Consolidated	Purchase of Assets	Other	Total
	\$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	506	11,714	12,220
Contributions recognised in previous years which were not expended in the current and previous financial years	2,541	5,843	8,384
Total amount of unexpended contributions as at balance date	<u>3,047</u>	<u>17,557</u>	<u>20,604</u>

Comment on restricted assets appears in Note 24.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

16 Service Groups of the Health Administration Corporation

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This Service Group excludes most services for Aboriginal people provided directly by Local Health Networks 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 - Inpatient Hospital Services

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

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Networks 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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

Parent			Consolidated	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		17. Cash and Cash Equivalents		
		Current		
58,451	23,403	Cash at Bank and On Hand	58,451	23,403
48,114	60,580	Short Term Deposits	48,114	60,580
<u>106,565</u>	<u>83,983</u>		<u>106,565</u>	<u>83,983</u>
		Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows.		
<u>106,565</u>	<u>83,983</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>106,565</u>	<u>83,983</u>
<u>106,565</u>	<u>83,983</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>106,565</u>	<u>83,983</u>
		Refer to Note 36 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
		18. Receivables		
		Current		
4,010	6,675	(a) Sale of Goods and Services	4,010	6,675
38,800	38,928	Patient Transport Fee	38,800	38,928
-----	76	Leave Mobility	-----	76
19,613	13,739	Goods and Services Tax	19,613	13,739
134,989	124,172	Intra Health	134,989	124,172
14,584	1,812	Other Debtors	14,584	1,812
211,996	185,402	Sub Total	211,996	185,402
(26,636)	(27,060)	Less Allowance for Impairment	(26,636)	(27,060)
185,360	158,342	Sub Total	185,360	158,342
17,156	20,055	Prepayments	17,156	20,055
<u>202,516</u>	<u>178,397</u>		<u>202,516</u>	<u>178,397</u>
		(b) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(27,060)	(22,951)	Balance at 1 July	(27,060)	(22,951)
23,223	18,477	Amounts written off during the year	23,260	18,477
174	-----	Amounts recovered during the year	174	-----
(22,973)	(22,586)	Increase in allowance recognised in Result for the Year	(23,010)	(22,586)
<u>(26,636)</u>	<u>(27,060)</u>	Balance at 30 June	<u>(26,636)</u>	<u>(27,060)</u>
		Non-Current		
54		Other Debtors	54	-----
3,717	857	Prepayments	3,717	857
<u>3,771</u>	<u>857</u>		<u>3,771</u>	<u>857</u>
		Details regarding credit risk, liquidity risk including financial assets that are either past due or impaired are disclosed in Note 36.		
		19. Inventories		
		Current - at cost (Held for Distribution)		
14,171	10,909	Medical and Surgical Supplies	14,171	10,909
117	115	Other	117	115
<u>14,288</u>	<u>11,024</u>		<u>14,288</u>	<u>11,024</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

Parent

Consolidated

2011 2010
 \$000 \$000

2011 2010
 \$000 \$000

20. Non-Current Assets or Disposal Groups Held for Sale

<u>2,044</u>	<u>1,858</u>		<u>2,044</u>	<u>1,858</u>
<u>2,044</u>	<u>1,858</u>	Assets Held for Sale - Land and Buildings	<u>2,044</u>	<u>1,858</u>

The assets held for sale all relate to properties that have been classified as surplus to need. The sale of these assets is expected to be realised within the next reporting period.

21. Other Financial Assets

<u>6,937</u>	<u>17,702</u>			
<u>6,937</u>	<u>17,702</u>	Current	<u>6,937</u>	<u>17,702</u>
		Advances Receivable - Intra Health		
<u>13,685</u>	<u>32,790</u>	Non-Current	<u>13,685</u>	<u>32,790</u>
		Advances Receivable - Intra Health		

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

22. Property, Plant and Equipment

		Land and Buildings - Fair Value		
427,943	401,800	Gross Carrying Amount	427,943	401,800
<u>(219,462)</u>	<u>(211,006)</u>	Less Accumulated Depreciation and Impairment	<u>(219,462)</u>	<u>(211,006)</u>
<u>208,481</u>	<u>190,794</u>	Net Carrying Amount	<u>208,481</u>	<u>190,794</u>
		Plant and Equipment - Fair Value		
265,385	222,021	Gross Carrying Amount	265,385	222,021
<u>(148,106)</u>	<u>(131,660)</u>	Less Accumulated Depreciation and Impairment	<u>(148,106)</u>	<u>(131,660)</u>
<u>117,279</u>	<u>90,361</u>	Net Carrying Amount	<u>117,279</u>	<u>90,361</u>
		Infrastructure Systems - Fair Value		
181	180	Gross Carrying Amount	181	180
<u>(102)</u>	<u>(97)</u>	Less Accumulated Depreciation and Impairment	<u>(102)</u>	<u>(97)</u>
<u>79</u>	<u>83</u>	Net Carrying Amount	<u>79</u>	<u>83</u>
<u>325,839</u>	<u>281,238</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>325,839</u>	<u>281,238</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2011

22. Property, Plant and Equipment-Reconciliations

Parent and Consolidated	Land	Buildings	Leasehold Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2011						
Net Carrying Amount at Start of Year	73,574	115,409	1,811	90,361	83	281,238
Additions	-----	3,027	-----	60,491	1	63,519
Assets Held for Sale	(213)	(734)	-----	-----	-----	(947)
Decrements Recognised in Reserves	6,153	12,665	-----	-----	-----	18,818
Disposals	-----	-----	-----	(1,413)	-----	(1,413)
Administrative Restructures - Transfers In/(Out)	1,700	3,545	-----	528	-----	5,773
Reclassifications to Intangibles	-----	-----	-----	(50)	-----	(50)
Depreciation Expense	-----	(8,201)	(255)	(32,638)	(5)	(41,099)
Net Carrying amount at end of year	81,214	125,711	1,556	117,279	79	325,839

Parent and Consolidated	Land	Buildings	Leasehold Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2010						
Net Carrying Amount at Start of Year	68,819	121,554	137	106,837	87	297,434
Additions	-----	2,078	901	25,819	-----	28,798
Assets Held for Sale	(446)	(161)	-----	-----	-----	(607)
Decrements Recognised in Reserves	4,419	(1,416)	-----	-----	-----	3,003
Disposals	-----	-----	-----	(3,383)	-----	(3,383)
Administrative Restructures - Transfers In	-----	-----	-----	1,229	-----	1,229
Reclassifications	782	1,078	1,329	(3,189)	-----	-----
Depreciation Expense	-----	-----	-----	(3,102)	-----	(3,102)
Net Carrying amount at end of year	-----	(7,724)	(556)	(33,850)	(4)	(42,134)
	73,574	115,409	1,811	90,361	83	281,238

Land and Buildings for Health Support Services were revalued by the Department of Finance and Services on 30 June 2011.

Land and Buildings for the NSW Ambulance Service were last revalued by Land and Property Management Authority (now part of the Department of Finance and Services) as at 30 March 2009.

In accordance with the fair value requirements of AASB 116 these land, building and infrastructure assets had a factor applied this year in relation to movement in the market and variation in the building and infrastructure costs. The adjustment was performed on a gross basis in accordance with note 2 (i). This factor gives consideration to the valuation of physical non-current assets and fair value and has been determined by the Department of Finance and Services.

Plant and Equipment is predominantly recognised on the basis of depreciated cost.

Health Administration Corporation
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for the year ended 30 June 2011

Parent

Consolidated

2010
\$000

2009
\$000

2010
\$000

2009
\$000

23. Intangible Assets

Software

290,307
(85,811)
204,496

231,005
(71,091)
159,914

Cost (Gross Carrying Amount)
Less Accumulated Amortisation and Impairment
Total Intangible Assets at Net Carrying Amount

290,307
(85,811)
204,496

231,005
(71,091)
159,914

Health Administration Corporation
Notes to and forming part of the Financial Statements
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23. Intangibles - Reconciliation

Parent and Consolidated	Software \$000	Total \$000
2011		
Net Carrying Amount at Start of Year	159,914	159,914
Additions (from Internal Development or Acquired Separately)	59,252	59,252
Disposals	-----	-----
Reclassifications for Plant & Equipment	50	50
Amortisation (Recognised in Depreciation and Amortisation)	(14,720)	(14,720)
Net Carrying amount at End of Year	204,496	204,496

	Software \$000	Total \$000
2010		
Net Carrying Amount at Start of Year	112,495	112,495
Additions (from Internal Development or Acquired Separately)	61,029	61,029
Disposals	(545)	(545)
Reclassifications for Plant & Equipment	3,102	3,102
Amortisation (Recognised in Depreciation and Amortisation)	(16,167)	(16,167)
Net Carrying amount at End of Year	159,914	159,914

Health Administration Corporation
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Parent

Consolidated

2010
\$000

2009
\$000

2010
\$000

2009
\$000

24. Restricted Assets

6,206
3,047
11,351

248
2,660
13,824

Specific Purposes
Research Grants
Other

6,206
3,047
11,351

248
2,660
13,824

20,604

16,732

20,604

16,732

The assets are only available for application in accordance with the terms and conditions of the donor restrictions.

Health Administration Corporation
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Parent		Consolidated	
2011	2010	2011	2010
\$000	\$000	\$000	\$000
25. Payables			
Current			
----	----	19,378	15,781
14,371	707	18,028	6,033
44,115	66,967	44,115	66,967
Other Creditors			
59,110	64,474	59,110	64,474
8,656	4,585	8,656	4,585
32,357	7,282	32,357	7,282
23,035	21,107	----	----
<u>181,644</u>	<u>165,122</u>	<u>181,644</u>	<u>165,122</u>
Accrued Salaries, Wages and On-Costs			
Taxation and Payroll Deductions			
Creditors			
- Capital Works			
- Intra Health Liability			
- Other			
Personnel Services Liability			
Details regarding credit risk, liquidity risk and market risk including a maturity analysis of the above payables are disclosed in Note 36.			
26. Borrowings			
Current			
<u>9,375</u>	<u>201</u>	<u>9,375</u>	<u>201</u>
Loans and Deposits - NSW Department of Health			
Non-Current			
375	138	375	138
Loans and Deposits - NSW Department of Health			
Details regarding credit risk, liquidity risk and market risk including a maturity analysis of the above borrowings are disclosed in Note 36.			
27. Provisions			
Current Employee Benefits and Related On-Costs			
----	----	58,455	60,674
----	----	73,189	44,295
----	----	----	11,271
----	----	(140)	120,079
----	----	7,719	7,151
----	----	5,787	----
145,010	243,470	----	----
<u>145,010</u>	<u>243,470</u>	<u>145,010</u>	<u>243,470</u>
Annual Leave - Short Term Benefit			
Annual Leave - Long Term Benefit			
Long Service Leave - Short Term Benefit #			
Long Service Leave - Long Term Benefit #			
Death and Disability Award (Ambulance Service of NSW)			
Long Service Leave Consequential Factors			
Provision for Personnel Services Liability			
Total Current Provisions			
Non-Current Employee Benefits and Related On-Costs			
----	----	----	15,291
----	----	56	55
----	----	----	2,854
----	----	352	----
408	18,200	----	----
<u>408</u>	<u>18,200</u>	<u>408</u>	<u>18,200</u>
Long Service Leave - Conditional #			
Sick Leave			
Death and Disability Award (Ambulance Service of NSW)			
Long Service Leave Consequential Factors			
Provision for Personnel Services Liability			
Total Non-Current Employee Benefits and Related On-Costs			
Non-Current Other			
237	450	237	450
<u>237</u>	<u>450</u>	<u>237</u>	<u>450</u>
Restoration Provisions			
Total Non-Current Other			
Total Non-Current Provisions			
<u>645</u>	<u>18,650</u>	<u>645</u>	<u>18,650</u>
# Responsibility for Long Service Leave transferred to the Crown Entity on 31 December 2010 (Note 37 refers).			
Aggregate Employee Benefits and Related On-Costs			
145,010	243,470	145,010	243,470
645	18,200	645	18,200
----	----	23,035	21,107
23,035	21,107	----	----
<u>168,690</u>	<u>282,777</u>	<u>168,690</u>	<u>282,777</u>
Provisions - Current			
Provisions - Non-Current			
Accrued Salaries and Wages and On-Costs (Note 25)			
Accrued Liability - Purchase of Personnel Services (Note 25)			
Movements in provisions (other than employee benefits)			
Movements in the restoration provision during the financial year are set out below:			
Carrying Amount at the Beginning of Financial Year			
Additional provisions recognised			
Unwinding / change in discount rate			
Carrying Amount at End of Financial Year			
450	----	450	----
----	439	----	439
(450)	11	(450)	11
<u>450</u>	<u>450</u>	<u>450</u>	<u>450</u>

Health Administration Corporation
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Parent			Consolidated	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
28. Other Liabilities				
Current				
1,700	3,029	Income in Advance	1,700	3,029
<u>1,700</u>	<u>3,029</u>		<u>1,700</u>	<u>3,029</u>
Non-Current				
157	105	Income in Advance	157	105
<u>157</u>	<u>105</u>		<u>157</u>	<u>105</u>
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 :				
31,555	27,800	Not later than one year	31,555	27,800
-----	898	Later than one year and not later than five years	-----	898
<u>31,555</u>	<u>28,698</u>	Total Capital Expenditure Commitments (Including GST)	<u>31,555</u>	<u>28,698</u>
(b) Other Expenditure Commitments				
Aggregate other expenditure contracted for the acquisition of ambulance transports and information technology supplies at balance date but not provided for in the accounts:				
114,591	69,216	Not later than one year	114,591	69,216
244	2,230	Later than one year and not later than five years	244	2,230
<u>114,835</u>	<u>71,446</u>	Total Other Expenditure Commitments (Including GST)	<u>114,835</u>	<u>71,446</u>
(c) Operating Lease Commitments				
Commitments in relation to non-cancellable operating leases are payable as follows:				
87,448	54,220	Not later than one year	87,448	54,220
190,146	135,511	Later than one year and not later than five years	190,146	135,511
96,741	-----	Later than five years	96,741	-----
<u>374,335</u>	<u>189,731</u>	Total Operating Lease Commitments (Including GST)	<u>374,335</u>	<u>189,731</u>

The above leases predominantly relate to motor vehicles and premises of the Ambulance Service of NSW.

(d) Contingent Asset related to Commitments for Expenditure

The total Commitments for Expenditure above includes input tax credits of \$47.339 million for 2010/11 (\$26.352 million for 2009/10) in relation to both Parent and Consolidated entities that are expected to be recoverable from the Australian Taxation Office.

(e) Capital Commitments

The capital commitments above exclude commitments to the value of \$532.545 million (\$331.987 million in 2009/10) that are managed by the Health Infrastructure unit on behalf of Health Services.

As the commitments relate to work in progress recognised in Health Services financial statements, the commitments have similarly been disclosed in the Health Services' financial statements.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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30. Contingent Liabilities and Assets

a) Claims on Managed Fund

Since 1 July 1989, the Ambulance Service of NSW (established as a division of HAC with effect from 17 March 2006) has been a member of the NSW Treasury Managed Fund. Other divisions of HAC are also covered from the time of their inception. The Fund will pay to or on behalf of HAC 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 HAC. As such, since 1 July 1989, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against HAC. 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 HAC.

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 2004/05 fund year and an interim adjustment for the 2006/07 fund year were not calculated until 2010/11. As a result, the 2005/06 final and 2007/08 interim hindsight calculations will be paid in 2011/12. It is not possible for HAC to reliably quantify the benefit or charge to be received.

c) Other Contingent Liabilities

There are no significant contractual disputes in 2010/11 (2009/10 Nil).

Parent			Consolidated	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
31. Reconciliation of Net Cash Flows from Operating Activities to Net Cost of Services				
127,657	83,169	Net Cash Flows from Operating Activities	127,657	83,169
(55,819)	(58,301)	Depreciation	(55,819)	(58,301)
(23,010)	(22,586)	Allowance for Impairment	(23,010)	(22,586)
-----	-----	Acceptance by the Crown Entity of Employee Superannuation and Long Service Leave Benefits	(29,256)	(15,819)
116,465	(32,787)	Increase/ (Decrease) in Provisions	116,465	(32,787)
3,264	500	Increase/ (Decrease) in Inventories	3,264	500
26,648	50,745	Increase in Receivables	26,648	50,745
(27,422)	(3,808)	Increase / (Decrease) in Prepayments and Other Assets	(27,422)	(3,808)
(16,522)	8,827	(Increase)/ Decrease in Creditors	(16,522)	8,827
(534,789)	(464,138)	NSW Department of Health Recurrent Allocations	(534,789)	(464,138)
(98,913)	(100,023)	NSW Department of Health Capital Allocations	(98,913)	(100,023)
463	138	Asset Sales Proceeds Transferred to NSW Department of Health	463	138
(1,347)	(3,528)	Net Loss on Disposal of Non-Current Assets	(1,347)	(3,528)
(85,819)	(3,009)	Other	(85,809)	(3,009)
(569,144)	(544,801)	Net Cost of Services	(598,390)	(560,620)
32. Non-Cash Financing and Investing Activities				
4,886	1,229	Assets Received by Administrative Transfer	4,886	1,229
4,886	1,229		4,886	1,229
33. Unclaimed Moneys				
<p>Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the <i>Industrial Relations Act 1996</i>, as amended.</p>				

Health Administration Corporation
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PARENT AND CONSOLIDATED

34. Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services was \$598 million which was 1.0% less than the budget of \$604 million after offsets between expenses and revenue. Other Operating Expenses and Sale of Goods and Services were unfavourable by \$4 million and favourable by \$7 million respectively.

Result for the Year

The variation from budget was \$10 million and largely resulted from the above variations in Net Cost of Services (\$6 million) plus variations in Government contributions of \$16 million.

Assets and Liabilities

Net assets were \$132 million in excess of budget expectation and included an increase in assets of \$3 million and a decrease in liabilities of \$129 million. The decrease in liabilities includes the benefit of \$151 million from assumption of Long Service Leave liability by the Crown Entity, a decrease in Payables of \$8 million, an increase in Borrowings of \$9 million and increases in other provisions and other liabilities of \$21 million.

Cash Flows

Compared to budget, cash increased by \$20 million reflecting a combination of Net Cash Flows from Operating Activities (\$4 million), Net Cash Flows from Financing Activities \$9 million and Net Cash Flows from Investing Activities \$15 million.

35. Trust Funds

HAC holds no trust fund monies at 30 June 2011. The previous year's values related to refundable deposits received for future course attendances. These monies were excluded from the financial statements as HAC could not use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Refundable Deposits	
	2011	2010
	\$000	\$000
Cash Balance at the beginning of the financial reporting period	182	267
Receipts		17
Expenditure	(182)	(102)
Cash Balance at the end of the financial reporting period	0	182

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36. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATED

Class	Category	Carrying	Carrying
		Amount	Amount
		2011	2010
		\$000	\$000
Financial Assets			
Cash and Cash Equivalents (Note 17)	N.A.	106,565	83,983
Receivables (Note 18) ¹	Loans & Receivables (at amortised cost)	165,801	144,603
Other Financial Assets (Note 21)	Loans & Receivables (at amortised cost)	20,622	50,492
Total Financial Assets		292,988	279,078
Financial Liabilities			
Borrowings (Note 26)	Financial liabilities measured at amortised cost	9,750	339
Payables (Note 25) ²	Financial liabilities measured at amortised cost	163,616	164,127
		173,366	164,466

Notes

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

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

(b) Credit Risk

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

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

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Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates between 4.56% and 5.70% in 2010/11 compared to 3.59% to 3.85% in the previous year. The TCorp Hour-Glass cash facility is discussed in para (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW 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 entity will not be able to collect the amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

HAC is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Of the total trade debtors balance at year-end, \$132.463M (2010: \$103.623M) related to debtors that were not past due and not considered impaired and debtors of \$44.583M (2010: \$40.980M) were past due but not considered impaired. Together these represent 86.9% (2010:84.2%) of total trade debtors. Receivables include Compensables which 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 debtors relate to Ambulance Transport of private individuals and charges within NSW Health for services provided by HSS. Ambulance invoices are generally issued under 21 day payment terms whilst HSS accounts are settled monthly.

Ambulance Patient Transport Debtors represent the majority of financial assets that are past due or impaired.

	\$000		
2011	Total	Past Due but not impaired (1,2)	Considered Impaired(1,2)
<3 months overdue	21,815	7,050	14,765
3 months - 6 months overdue	23,231	15,447	7,784
> 6 months overdue	26,173	22,086	4,087
Total	71,219	44,583	26,636

	\$000		
2010	Total	Past Due but not impaired (1,2)	Considered Impaired(1,2)
<3 months overdue	35,495	17,723	17,772
3 months - 6 months overdue	10,380	4,649	5,731
> 6 months overdue	22,165	18,608	3,557
Total	68,040	40,980	27,060

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

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

(c) Liquidity Risk

Liquidity risk is the risk that HAC will be unable to meet its payment obligations when they fall due. HAC through its constituent units 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.

HAC has negotiated no loan outside of arrangements with the NSW Department of Health.

During the current and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. HAC'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 to HAC (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 no later than the end of the month following the month in which an invoice or a statement is received.

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount	Variable Interest Rate	Fixed Interest Rate	Non - Interest Bearing	Maturity Dates		Weighted Average Effective int. rate
					< 1 Yr	1-5 Yr	
	\$000	\$000	\$000	\$000	\$000	\$000	%
2011							
Payables:							
Accrued Salaries, Wages, On-Costs and Payroll Deductions	19,378	----	----	19,378	19,378	----	----
Creditors	144,238	----	----	144,238	144,238	----	----
Borrowings- Other Loans and Deposits	9,750	----	----	9,750	9,375	375	----
Total	153,988	----	----	173,366	172,991	375	0.0
2010							
Payables:							
Accrued Salaries, Wages, On-Costs and Payroll Deductions	21,049	----	----	21,049	21,049	----	----
Creditors	143,078	----	----	143,078	143,078	----	----
Borrowings- Other Loans and Deposits	339	283	----	56	201	138	7.3
Total	164,466	283	----	164,183	164,328	138	7.3

Notes:

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

(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. HAC'S exposures to market risk are primarily through interest rate risk on its borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. HAC 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 HAC operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2010. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through HAC's cash and cash equivalents.

HAC is not permitted to borrow external to the NSW Department of Health and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. HAC does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. HAC's exposure to interest rate risk is set out below.

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		\$'000				
		Carrying Amount	-1%	+1%		
			Result	Equity	Result	Equity
2011						
Financial assets						
Cash and Cash Equivalents	106,565		(1,066)	(1,066)	1,066	1,066
Receivables	165,801		----	----	----	----
Other Financial Assets	20,622		(206)	(206)	206	206
Financial liabilities						
Payables	155,248		----	----	----	----
Borrowings	9,750		----	----	----	----
2010						
Financial assets						
Cash and Cash Equivalents	83,983		(840)	(840)	840	840
Receivables	144,603		----	----	----	----
Other Financial Assets	50,492		(505)	(505)	505	505
Financial liabilities						
Payables	164,127		----	----	----	----
Borrowings	339		3	3	(3)	(3)

Other price risk - TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. Neither HAC nor its controlled entity has direct equity investments. HAC holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2011 \$000	2010 \$000
Cash facility	Cash, money market instruments	Up to 1.5 years	15,786	14,954

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

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

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

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

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

	Change in unit price	Impact on profit/loss	
		2011 \$'000	2010 \$'000
Hour-Glass Investment - Cash facility		802	150

e) Fair Value Compared to Carrying Amount

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

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value because of the short term nature of the financial instruments. There are no financial instruments where the fair value differs from the carrying amount.

f) Fair Value recognised in the Statement of Financial Position

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

- Level 1 - derived from quoted prices in active markets for identical assets/liabilities.
- Level 2- derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2011 Total \$'000
TCorp Hour-Glass Invt. Facility	-----	15,786	-----	15,786

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

There were no transfers between level 1 and 2 during the period ended 30 June 2011.

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37 Increase in Assets from Equity Transfer

In 2010/11 HAC has:

- Received the benefit of \$150.964 million in net assets following the transfer of Long Service Leave liability to the Crown Entity on 31 December 2010. \$31.652 million in leave related loans was then waived via a reduction in Health Service loan indebtedness as it was acknowledged that future funding needs would be met by the Crown Entity.

- Effected a transfer of \$1.206 million on 1 July 2010 for the net assets available to the former Institute of Medical Education & Training. The net assets transferred to the Clinical Education and Training Institute which was established as a Statutory Health Corporation with effect from 1 July 2010.

- Received the benefit of \$0.613 million in warehouse services transfers from Health Entities.

- Received the benefit of \$2.545 million in net assets following the transfer of the Logistic Food Centre.

Details are as follows:

	2011	2010
	\$000	\$000
Assets		
Current Assets		
Cash	(1,673)	-----
Receivables	(71)	-----
Inventory	2,368	4,991
Total Current Assets	<u>624</u>	<u>4,991</u>
Non-Current Assets		
Land	1,700	-----
Buildings	3,545	-----
Plant & Equipment	528	1,229
Other Financial Assets	(29,844)	22,759
Total Non-Current Assets	<u>(24,071)</u>	<u>23,988</u>
Total Assets	<u>(23,447)</u>	<u>28,979</u>
Liabilities		
Current Liabilities		
Payables	(479)	-----
Leave Provisions	(144,200)	25,637
Total Current Liabilities	<u>(144,679)</u>	<u>25,637</u>
Non-Current Liabilities		
Leave Provisions	(32)	-----
Total Non-Current Liabilities	<u>(32)</u>	-----
Total Liabilities	<u>(144,711)</u>	<u>25,637</u>
Net Assets	<u>121,264</u>	<u>3,342</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

38 Post Balance Date Events

There are no known post balance date events which will affect the financial statements.

However, consistent with the revised Governance Framework theme of "Realising the potential of statewide services", Health Support Services (a unit of Health Administration Corporation) will become HealthShare NSW with a new governing body being established with majority membership from Local Health Districts and an independent chair. The change recognises that services are provided to Local Health Districts as the major stakeholders and the Service will refocus on customer responsiveness and set clear performance targets to achieve customer responsiveness, transparency, contestability of price and service.

In 2011/12 the Policy and Technical Support Unit will transfer from HAC to the Agency for Clinical Innovation. In 2011/12 as part of the revised Governance Framework new units, "NSW Health Pathology" and "eHealth NSW" will also be established to advance Government reform but formal lines of reporting and the instruments for establishing the entities have not yet been created.

END OF AUDITED FINANCIAL STATEMENTS

