



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Greater Southern Area Health Service and its controlled entity

To Members of the New South Wales Parliament

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

#### Auditor's Opinion

In my opinion, the financial report:

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

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

#### Chief Executive's Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

#### Independence

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

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



Peter Achterstraat  
Auditor-General

11 November 2009  
SYDNEY

**Certification of Parent/Consolidated Financial Statements  
for period Ended 30 June 2009**

The attached financial statements of the Greater Southern Area Health Service for the year ended 30 June 2009;

- i. Have been prepared in accordance with the requirements of applicable Australian Accounting Standards which include Australian Accounting Requirements, the requirements of the *Public Finance and Audit Act 1983* and its regulations, the Accounts and Audit Determination and the Accounting Manual for the Area Health Services and Public Hospitals;
- ii. Present fairly the financial position and transactions of the Greater Southern Area Health Service; and
- iii. Have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Ms Heather Gray  
Chief Executive  
Greater Southern Area Health  
Service  
21<sup>st</sup> October 2009



Ms Angela Edwards  
Manager Finance  
Greater Southern Area Health  
Service  
21<sup>st</sup> October 2009

Greater Southern Area Health Service  
Operating Statement for the year ended 30 June 2009

PARENT		CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Actual 2008 \$000
0	0				
440,582	449,083	440,582	449,083	429,151	429,151
55,835	55,908	55,835	55,908	54,816	54,816
377,684	340,370	377,684	340,370	327,774	327,774
22,631	22,713	22,631	22,713	22,763	22,763
2,706	2,189	2,706	2,189	2,397	2,397
1,589	1,488	1,589	1,488	1,753	1,753
13,405	13,551	13,405	13,551	12,953	12,953
914,432	885,302	914,432	885,302	851,607	851,607
120,544	106,818	120,544	106,818	103,046	103,046
1,803	1,584	1,803	1,584	1,557	1,557
18,122	11,210	10,571	11,210	10,658	10,658
4,277	3,387	4,277	3,387	3,870	3,870
144,746	122,999	137,195	122,999	119,133	119,133
108	0	108	0	(2,648)	(2,648)
(1,553)	(630)	(1,553)	(630)	(1,424)	(1,424)
771,131	752,933	778,682	752,933	736,546	736,546
740,886	741,882	740,886	741,882	669,913	669,913
10,180	13,516	10,180	13,516	68,066	68,066
0	0	0	0	0	0
0	0	0	0	0	0
751,066	755,398	758,617	765,148	747,236	747,236
(20,065)	(7,535)	(20,065)	2,215	10,690	10,690

The accompanying notes form part of these Financial Statements

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

PARENT		CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Budget 2009 \$000	Actual 2008 \$000
43,930	0	43,930		0	0
(277)	637	(277)		637	0
43,653	637	43,653		637	0
(20,065)	(7,535)	(20,065)		2,215	10,690
<u>23,588</u>	<u>(6,898)</u>	<u>23,588</u>		<u>2,852</u>	<u>10,690</u>
			<b>Net Increase/(Decrease) in Property, Plant and Equipment</b>		
			0 Asset Revaluation Reserve		
			0 Administrative Restructure		
			<b>0 TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		
			10,690 Result for the Year		
			<b>10,690 TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>		

The accompanying notes form part of these Financial Statements

Greater Southern Area Health Service  
Balance Sheet as at 30 June 2009

PARENT				CONSOLIDATION		
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
11,006	3,731	8,826	18	11,006	3,731	8,826
10,996	10,464	15,476	19	10,996	10,464	15,476
3,648	2,889	3,589	20	3,648	2,889	3,589
4,051	0	0	22	4,051	0	0
29,703	17,084	27,891		29,703	17,084	27,891
<b>Non-Current Assets</b>						
710	764	764	19	710	764	764
598,498	523,370	532,067	21	598,498	523,370	532,067
23,951	23,047	22,969	21	23,951	23,047	22,969
7,885	7,450	7,450	21	7,885	7,450	7,450
590,334	554,767	562,486		590,334	554,767	562,486
591,044	555,531	563,250		591,044	555,531	563,250
620,747	672,615	591,141		620,747	672,615	591,141
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
53,989	21,840	65,271	24	53,989	21,840	65,271
21,719	21,353	8,040	25	21,719	21,353	8,040
110,286	114,123	116,865	26	110,286	114,123	116,865
185,994	157,316	190,176		185,994	157,316	190,176
<b>Non-Current Liabilities</b>						
19,510	16,457	10,526	25	19,510	16,457	10,526
4,919	9,248	3,703	26	4,919	9,248	3,703
24,429	25,705	14,229		24,429	25,705	14,229
210,423	183,021	204,405		210,423	183,021	204,405
410,324	389,594	386,736		410,324	389,594	386,736
<b>EQUITY</b>						
254,568	210,628	210,028	27	254,568	210,628	210,028
155,765	178,966	176,108	27	155,765	178,966	176,108
410,324	389,594	386,736		410,324	389,594	386,736

The accompanying notes form part of these Financial Statements

Greater Southern Area Health Service  
Cash Flow Statement for the year ended 30 June 2009

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Payments						
0	0	0		(442,551)	(447,795)	(380,190)
(2,706)	(2,189)	(2,397)	Employee Related	(2,706)	(2,189)	(2,397)
(1,687)	(1,488)	(1,753)	Grants and Subsidies	(1,687)	(1,488)	(1,753)
(893,254)	(884,341)	(783,350)	Finance Costs	(450,693)	(436,546)	(403,191)
			Other			
<b>(897,657)</b>	<b>(888,018)</b>	<b>(787,540)</b>	<b>Total Payments</b>	<b>(897,657)</b>	<b>(888,018)</b>	<b>(787,540)</b>
Receipts						
120,475	108,518	104,755	Sale of Goods and Services	120,475	108,518	104,755
1,802	1,504	1,659	Interest Received	1,802	1,584	1,689
17,912	14,597	14,527	Other	17,912	14,597	14,527
<b>140,189</b>	<b>124,699</b>	<b>120,951</b>	<b>Total Receipts</b>	<b>140,189</b>	<b>124,699</b>	<b>120,951</b>
Cash Flows from Government						
740,882	740,882	669,913	NSW Department of Health Recurrent Allocations	740,882	740,882	669,913
1,938	13,516	66,769	NSW Department of Health Capital Allocations	1,938	13,516	66,769
0	0	0	Cash Reimbursements from the Crown Entity	0	0	0
<b>742,820</b>	<b>754,398</b>	<b>736,682</b>	<b>Net Cash Flows from Government</b>	<b>742,820</b>	<b>754,398</b>	<b>736,682</b>
<b>(14,648)</b>	<b>(8,921)</b>	<b>70,093</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(14,648)</b>	<b>(8,921)</b>	<b>70,093</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
166	0	504	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	166	0	504
(6,021)	(24,519)	(69,294)	Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems	(6,021)	(24,519)	(69,294)
<b>(5,855)</b>	<b>(24,519)</b>	<b>(68,790)</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(5,855)</b>	<b>(24,519)</b>	<b>(68,790)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
25,913	23,640	0	Proceeds from Borrowings and Advances	25,913	23,640	0
(3,250)	(4,820)	(5,159)	Repayment of Borrowings and Advances	(3,250)	(4,820)	(5,159)
<b>22,663</b>	<b>18,820</b>	<b>(5,159)</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>22,663</b>	<b>18,820</b>	<b>(5,159)</b>
<b>2,180</b>	<b>(14,620)</b>	<b>(3,856)</b>	<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>2,180</b>	<b>(14,620)</b>	<b>(3,856)</b>
8,826	18,351	12,682	Opening Cash and Cash Equivalents	8,826	18,351	12,682
<b>11,006</b>	<b>3,731</b>	<b>8,826</b>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>11,006</b>	<b>3,731</b>	<b>8,826</b>

The accompanying notes form part of these Financial Statements

Greater Southern Area Health Service  
Service Group Statements  
for the Year Ended 30 June 2008

	Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Total
	1.1	1.2	1.3	2.1	2.2	2.3	3.1	3.2	4.1	4.2	5.1	5.2	6.1	6.2	7.1	7.2	8.1	8.2	9.1	9.2	10.1	10.2	11.1	11.2	
<b>SERVICES EXPENSES AND REVENUES</b>																									
Expenses excluding taxes	48,422	45,586	2,836	2,438	1,877	11,176	47,942	27,271	181,538	217,914	46,035	44,534	48,720	38,928	57,337	31,835	8,930	7,828	2,572	1,484	.....	.....	.....	.....	448,582
Operating Expenses	568	1,187	619	40	331	40	5,223	773	31,883	38,538	9,268	7,908	5,810	5,374	5,868	84	186	41	75	96	.....	.....	.....	.....	55,636
Wages and Salaries	30,157	30,231	1,672	1,520	7,600	4,864	21,840	16,724	217,570	197,281	47,968	36,510	14,868	17,322	28,352	21,239	6,588	5,897	824	548	.....	.....	.....	.....	371,884
Other Operating Expenses	2,386	2,205	109	109	561	456	1,403	1,234	12,932	18,776	2,031	2,688	882	930	1,659	1,455	359	382	86	59	.....	.....	.....	.....	24,831
Depreciation and Amortisation	527	484	159	83	38	48	72	127	784	1,373	158	282	263	28	143	(58)	126	40	50	8	.....	.....	.....	.....	2,758
Grants and Subsidies	172	188	8	9	38	40	96	106	935	1,033	197	211	0	0	177	130	30	33	5	0	.....	.....	.....	.....	1,588
Finance Costs	(26)	0	(7)	0	(5)	0	(14)	0	(140)	0	(28)	0	0	0	0	0	(8)	0	(7)	0	.....	.....	.....	.....	13,428
Payments to Affiliated Health Organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	.....	.....	.....	.....	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	.....	.....	.....	.....	0
<b>Total Expenses excluding losses</b>	<b>75,050</b>	<b>78,924</b>	<b>4,959</b>	<b>3,970</b>	<b>20,153</b>	<b>16,924</b>	<b>77,551</b>	<b>42,820</b>	<b>451,112</b>	<b>489,884</b>	<b>98,323</b>	<b>92,295</b>	<b>62,525</b>	<b>50,292</b>	<b>102,253</b>	<b>56,370</b>	<b>16,305</b>	<b>14,021</b>	<b>3,584</b>	<b>2,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>914,432</b>
Revenue	1,385	886	52	50	1,078	128	5,205	2,984	64,354	77,068	11,598	18,018	889	507	95,038	6,054	232	64	33	10	.....	.....	.....	.....	120,544
Sale of Goods and Services	201	30	6	5	118	2	239	46	853	1,358	232	232	0	0	140	109	33	2	4	0	.....	.....	.....	.....	1,803
Investment Revenue	544	240	240	6	741	21	282	310	4,023	7,710	921	1,578	235	88	1,127	744	218	15	401	4	.....	.....	.....	.....	10,871
Grants and Contributions	222	353	7	18	130	54	253	278	2,542	2,708	527	537	40	34	483	148	51	45	17	6	.....	.....	.....	.....	3,873
Other Revenue	2,350	1,488	294	54	2,058	233	5,524	2,523	77,782	88,332	13,988	18,337	974	550	35,788	7,085	2,493	136	455	20	.....	.....	.....	.....	137,485
Gain / (Loss) on Disposal	0	0	35	(883)	35	(883)	35	(882)	0	0	0	0	0	0	0	0	0	0	0	0	.....	.....	.....	.....	108
Other Gains / (Losses)	0	0	(85)	(475)	(815)	(475)	(815)	(474)	0	0	0	0	0	0	0	0	0	0	0	0	.....	.....	.....	.....	(1,523)
<b>Net Cost of Services</b>	<b>72,733</b>	<b>78,248</b>	<b>4,557</b>	<b>3,720</b>	<b>21,552</b>	<b>17,776</b>	<b>77,416</b>	<b>40,873</b>	<b>383,358</b>	<b>381,833</b>	<b>83,121</b>	<b>73,901</b>	<b>61,651</b>	<b>49,480</b>	<b>63,924</b>	<b>51,315</b>	<b>13,812</b>	<b>13,991</b>	<b>3,398</b>	<b>2,178</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>778,832</b>
Government Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	.....	.....	.....	.....	747,238
<b>RESULT FOR THE YEAR</b>	<b>20,956</b>	<b>(10,882)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>747,238</b>

ASX Budget Paper 3 has replaced program statements with Service Group Statements. Service Group Statements focus on the key measures of service delivery performance.

The name and purpose of each Service Group is summarised in Note 17. There has been no need to amend comparative data for 2008.

The Service Group Statement uses statistical data to 31 December 2008 to allocate the current period's financial information on Expenses and Income to each Service Group.

No changes have occurred during the period between 1 January 2008 and 30 June 2008 which would materially impact this allocation.



Greater Southern Area Health Service  
Service Group Statements  
for the Year Ended 30 June 2008

SERVICES' ASSETS AND LIABILITIES	1.1		1.2		1.3		2.1		2.2		2.3		3.1		4.1		5.1		6.1		Total		
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>																							
Current Assets	557	228	41	269	173	582	489	516	487	1174	666	824	912	1274	709	145	203	203	44	0	0	11,008	8,828
Cash and Cash Equivalents	194	159	25	172	28	503	380	568	11,474	1,038	2,882	33	77	3,958	916	17	204	17	38	0	0	10,998	15,475
Receivables	340	331	15	88	53	234	173	1,507	2,188	482	400	177	150	319	233	63	74	63	11	0	0	3,548	3,589
Financial Assets at Fair Value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current Assets Held for Sale	433	0	18	0	0	0	0	2,037	0	478	0	394	0	278	0	63	0	0	9	0	0	4,051	0
<b>Total Current Assets</b>	1,894	1,352	118	653	252	1,985	1,027	14,870	18,511	3,160	3,738	1,478	838	4,850	1,853	223	102	31	0	0	0	28,703	27,896
<b>Non-Current Assets</b>																							
Receivables	13	0	2	0	11	0	0	367	668	66	118	5	4	197	45	14	1	0	0	0	0	710	754
Financial Assets at Fair Value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property, Plant and Equipment	55,847	52,024	2,458	2,848	12,868	10,898	38,481	28,814	307,855	68,873	55,064	54,331	21,502	38,423	34,844	9,014	8,926	9,014	1,855	0	0	538,458	532,097
Land and Buildings	2,882	2,882	105	110	587	480	1,385	1,245	12,278	2,812	2,722	2,930	928	1,648	1,606	387	388	387	58	53	0	23,951	24,568
Plant and Equipment	754	731	33	38	183	148	459	404	4,042	925	893	787	301	542	485	127	125	125	20	18	0	7,885	7,450
Infrastructure Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Assets</b>	58,726	55,237	2,927	2,897	13,747	11,269	34,375	30,300	326,128	89,377	66,787	57,433	22,737	40,810	38,897	9,449	9,449	9,449	1,437	1,438	0	581,044	552,293
<b>Total Assets</b>	90,520	86,589	2,713	14,908	11,521	36,330	31,533	317,870	344,839	70,587	70,525	58,911	23,578	45,740	38,845	10,963	9,866	10,963	1,538	1,438	0	830,747	851,140
<b>LIABILITIES</b>																							
Current Liabilities	5,037	6,020	268	1,266	869	3,462	3,131	28,234	38,475	7,130	7,270	2,824	2,734	4,716	4,229	1,058	1,058	1,058	154	105	0	58,565	66,270
Payables	1,833	758	119	37	584	197	1,837	427	10,344	4,437	871	1,826	657	2,814	845	470	100	100	88	21	0	21,719	8,049
Borrowings	10,101	12,417	827	664	3,828	3,043	11,980	7,428	58,341	10,004	12,154	10,368	10,619	12,841	8,861	2,244	2,132	2,132	593	404	0	110,288	118,984
Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	17,028	18,192	1,095	5,102	4,189	17,379	10,983	86,354	102,183	19,451	20,295	14,818	13,911	20,070	13,835	3,752	3,358	3,752	806	534	0	189,994	199,174
<b>Non-Current Liabilities</b>																							
Borrowings	1,565	866	95	524	205	1,740	558	6,202	8,809	2,091	1,140	1,461	730	2,288	845	368	173	30	27	0	0	19,510	19,526
Provisions	451	393	28	183	98	534	238	2,135	1,880	446	385	482	335	573	275	100	58	27	13	0	0	4,918	3,703
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Liabilities</b>	2,147	1,351	137	707	303	2,274	796	11,337	10,689	2,537	1,525	1,923	1,555	2,832	1,120	468	241	107	40	0	0	24,428	14,239
<b>Total Liabilities</b>	19,175	20,573	1,133	6,140	6,182	4,747	19,652	11,733	87,893	110,872	21,978	16,541	14,970	22,802	14,855	4,220	3,859	4,220	843	574	0	210,423	213,413
<b>Net Assets</b>	41,427	38,018	1,579	1,717	8,266	7,958	18,577	19,752	233,787	50,558	48,735	42,370	8,598	22,898	24,180	5,873	6,027	5,873	558	915	0	410,324	388,727
<b>EQUITY</b>																							
Reserves	41,427	38,018	1,579	1,717	8,266	7,958	18,577	19,752	233,787	50,558	48,735	42,370	8,598	22,898	24,180	5,873	6,027	5,873	558	915	0	410,324	388,727
Accumulated Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amounts recognised in equity relating to assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Equity</b>	41,427	38,018	1,579	1,717	8,266	7,958	18,577	19,752	233,787	50,558	48,735	42,370	8,598	22,898	24,180	5,873	6,027	5,873	558	915	0	410,324	388,727
<b>Difference between Net Assets and Equity</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(a), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group. The statistical data collected to 31 December 2008 to apportion Service Group expenses and revenues is also used to attribute assets and liabilities to each Service Group.

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**1 The Health Service Reporting Entity**

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

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

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

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

These financial statements have been authorised for issue by the Chief Executive on 21 October 2009.

**2 Summary of Significant Accounting Policies**

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

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

The consolidated entity has a deficiency of working capital of \$156.3 million (2008 \$162.3 million). Notwithstanding this deficiency the financial report has been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

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

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

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

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

**Accounting Standard/Interpretation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a) **Employee Benefits and Other Provisions**

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

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

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

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

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

ii) **Long Service Leave and Superannuation**

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

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

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

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

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iii) **Other Provisions**

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

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

b) **Insurance**

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

c) **Finance Costs**

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

d) **Income Recognition**

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

*Sale of Goods and Services*

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

*Patient Fees*

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

*Investment Revenue*

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

*Debt Forgiveness*

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

*Use of Hospital Facilities*

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

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

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*Use of Outside Facilities*

The Health Service uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities. The cost method of accounting is used for the initial recording of all such services. Cost is determined as the fair value of the services given and is then recognised as revenue with a matching expense.

*Grants and Contributions*

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

*NSW Department of Health Allocations*

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

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

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

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

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

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

f) **Inter Area and Interstate Patient Flows**

**Inter Area Patient Flows**

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

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

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

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Inter State Patient Flows

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

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

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

**g) Acquisition of Assets**

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

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

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

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

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

**h) Capitalisation Thresholds**

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

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i) Depreciation

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable-amount of each asset as it is consumed over its useful life to the Health Service. Land is not a depreciable asset.

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

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

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

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



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**j) Revaluation of Non Current Assets**

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

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

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

The Health Service revalues Land and Buildings and Infrastructure 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. The last revaluation for assets assumed by the Area as at 30 June 2007 was completed on 30 June 2007 and was based on an independent assessment. To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices provided in expert advice from the Department of Lands are applied. The indices reflect an assessment of movements made in the period between revaluations.

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

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

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

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

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

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

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

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

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

**l) Restoration Costs**

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

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

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

**n) Investment Properties**

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

**o) Intangible Assets**

The Health Service recognises intangible assets only if it is probable that future economic benefits will flow to the Health Service and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Health Service's intangible assets, the assets are carried at cost less any accumulated amortisation. The Health Service's intangible assets are amortised using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity the Health Service is effectively exempted from impairment testing (see Note 2[k]).

**p) Maintenance**

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

**q) Leased Assets**

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

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

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

**r) Inventories**

Inventories are stated at cost. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

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

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s) **Loans and Receivables**

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

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

t) **Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Greater Southern Area Health Service determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- \* Fair value through profit or loss - The Greater Southern Area Health Service subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the operating statement.

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

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

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

- \* *Held to maturity investments* – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Greater Southern Area Health Service has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the operating statement when impaired, derecognised or through the amortisation process.
- \* *Available for sale investments* - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the operating statement. However, interest calculated using the effective interest method and dividends are recognised in the operating statement.

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

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

u) **Impairment of financial assets**

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

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

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

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

v) **De-recognition of financial assets and financial liabilities**

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

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

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

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

Greater Southern Area Health Service  
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w) **Payables**

These amounts represent liabilities for goods and services provided to the Health Service and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

x) **Borrowings**

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

y) **Equity Transfers**

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

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

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

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

z) **Trust Funds**

The Health Service receives monies in a trustee capacity for various trusts as set out in Note 29. As the Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Health Service's own objectives, they are not brought to account in the financial statements.

aa) **Budgeted Amounts**

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

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

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	320,084	312,692
0	0	Awards	16,253	13,516
0	0	Superannuation - defined benefit plans	7,551	9,257
0	0	Superannuation - defined contributions	28,331	26,555
0	0	Long Service Leave	10,427	15,007
0	0	Annual Leave	30,788	31,709
0	0	Sick Leave and Other Leave	11,539	9,310
0	0	Redundancies	4,420	0
0	0	Workers Compensation Insurance	7,933	9,250
0	0	Fringe Benefits Tax	0	258
0	0	Staff Related Costs	3,256	1,597
<u>0</u>	<u>0</u>		<u>440,582</u>	<u>429,151</u>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
320,084	312,692	Salaries and Wages	0	0
16,253	13,516	Awards	0	0
7,551	9,257	Superannuation - defined benefit plans	0	0
28,331	26,555	Superannuation - defined contributions	0	0
10,427	15,007	Long Service Leave	0	0
30,788	31,709	Annual Leave	0	0
11,539	9,310	Sick Leave and Other Leave	0	0
4,420	0	Redundancies	0	0
7,933	9,250	Workers Compensation Insurance	0	0
0	258	Fringe Benefits Tax	0	0
3,256	1,597	Staff Related Costs	0	0
<u>440,582</u>	<u>429,151</u>		<u>0</u>	<u>0</u>
<b>5. Other Operating Expenses</b>				
54,771	43,739	Allocations towards Inter Area Patient Outflows, NSW (see (d) below)	54,771	43,739
3,039	2,736	Blood and Blood Products	3,039	2,736
7,897	8,004	Domestic Supplies and Services	7,897	8,004
16,646	14,913	Drug Supplies	16,646	14,913
19,896	6,462	Food Supplies	19,896	6,462
6,694	6,034	Fuel, Light and Power	6,694	6,034
17,519	14,060	General Expenses (See (b) below)	17,519	14,060
17,235	14,771	Hospital Ambulance Transport Costs	17,235	14,771
5,223	4,904	Information Management Expenses	5,223	4,904
785	670	Insurance	785	670
123,803	117,160	Interstate Patient Outflows (see (e) below)	123,803	117,160
Maintenance (See (c) below)				
2,832	3,100	Maintenance Contracts	2,832	3,100
8,005	7,203	New/Replacement Equipment under \$10,000	8,005	7,203
5,459	6,644	Repairs	5,459	6,644
0	0	Maintenance/Non Contract	0	0
957	860	Other	957	860
24,693	22,801	Medical and Surgical Supplies	24,693	22,801
3,668	3,850	Postal and Telephonic Costs	3,668	3,850
1,794	1,928	Printing and Stationery	1,794	1,928
1,095	730	Rates and Charges	1,095	730
4,280	3,969	Rental	4,280	3,969
33,608	27,132	Special Service Departments	33,608	27,132
4,365	3,819	Staff Related Costs	4,365	3,819
6,030	5,680	Sundry Operating Expenses (See (a) below)	6,030	5,680
7,390	6,605	Travel Related Costs	7,390	6,605
<u>377,684</u>	<u>327,774</u>		<u>377,684</u>	<u>327,774</u>

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

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		(a) Sundry Operating Expenses comprise:		
3	0	Aircraft Expenses (Ambulance)	3	0
3,824	3,674	Contract for Patient Services	3,824	3,674
2,103	2,006	Isolated Patient Travel and Accommodation Assistance Scheme	2,103	2,006
0	0	Other	0	0
<u>6,030</u>	<u>5,680</u>		<u>6,030</u>	<u>5,680</u>
		(b) General Expenses include:-		
299	376	Advertising	299	376
145	360	Books, Magazines and Journals	145	360
		Consultancies		
1,002	1,150	- Operating Activities	1,002	1,150
0	2	- Capital Works	0	2
1,299	1,518	Conner and Freight	1,299	1,518
90	128	Auditor's Remuneration - Audit of financial reports	90	128
49	159	Auditor's Remuneration - Other Services	49	159
87	54	Data Recording and Storage	87	54
323	424	Legal Services	323	424
111	168	Membership/Professional Fees	111	168
4,319	4,387	Motor Vehicle Operating Lease Expense - minimum lease payments	4,319	4,387
2,104	2,295	Other Operating Lease Expense - minimum lease payments	2,104	2,295
(3)	6	Payroll Services	(3)	6
477	242	Quality Assurance/Accreditation	477	242
1,381	1,034	Security Services	1,381	1,034
10	12	Translator Services	10	12
5,825	1,745	Other	5,825	1,745
		(c) Reconciliation Total Maintenance		
17,253	17,807	Maintenance expense - contracted labour and other (non employee related), included in Note 5	17,253	17,807
3,373	2,042	Employee related/Personnel Services maintenance expense included in Notes 3 and 4	3,373	2,042
<u>20,626</u>	<u>19,849</u>	Total maintenance expenses included in Notes 3, 4 and 5	<u>20,626</u>	<u>19,849</u>
		(d) Details of the allocations applied to Inter Area Patient Out Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:-		
12,677	9,994	Sydney South West AHS	12,677	9,994
27,761	22,286	Sydney East Illawarra AHS	27,761	22,286
3,455	2,941	Sydney West AHS	3,455	2,941
2,266	2,594	Northern Sydney/Central Coast AHS	2,266	2,594
459	580	Hunter New England AHS	459	580
493	343	North Coast AHS	493	343
1,588	1,601	Greater Western AHS	1,588	1,601
6,073	3,480	Children's Hospital	6,073	3,480
<u>54,771</u>	<u>43,739</u>		<u>54,771</u>	<u>43,739</u>
		(e) Expenses for Interstate Patient Flows are as follows:-		
70,291	73,455	ACT	70,291	73,455
1,044	766	Queensland	1,044	766
117	196	South Australia	117	196
52,197	42,234	Victoria	52,197	42,234
90	62	Tasmania	90	62
122	113	Northern Territory	122	113
(57)	344	Western Australia	(57)	344
<u>123,804</u>	<u>117,160</u>		<u>123,804</u>	<u>117,160</u>

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Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
17,822	17,156	Depreciation - Buildings	17,822	17,156
0	0	Amortisation - Leased Buildings	0	0
4,337	5,135	Depreciation - Plant and Equipment	4,337	5,135
472	472	Depreciation - Infrastructure Systems	472	472
0	0	Amortisation - Other Leased Assets	0	0
0	0	Amortisation - Intangible Assets	0	0
0	0	Amortisation - Other	0	0
<u>22,631</u>	<u>22,763</u>		<u>22,631</u>	<u>22,763</u>
<b>7. Grants and Subsidies</b>				
1,363	1,851	Non Government Voluntary Organisations	1,363	1,851
660	0	Grants for Home Support and Travel Services	660	0
683	546	Other	683	546
<u>2,706</u>	<u>2,397</u>		<u>2,706</u>	<u>2,397</u>
<b>8. Finance Costs</b>				
1,571	1,747	Interest on Bank Overdrafts and Loans	1,571	1,747
18	6	Other Interest Charges	18	6
<u>1,589</u>	<u>1,753</u>	Total Finance Costs	<u>1,589</u>	<u>1,753</u>
<b>9. Payments to Affiliated Health Organisations</b>				
		<b>Recurrent Sourced</b>		
5,779	5,777	Mercy Care Centre Young	5,779	5,777
7,572	7,149	Mercy Health Albury	7,572	7,149
54	27	Other	54	27
<u>13,405</u>	<u>12,953</u>		<u>13,405</u>	<u>12,953</u>



Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>10. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
887	658	Sale of Prosthesis	887	658
1,961	23	Other	1,961	23
150	131	Pharmacy Sales	150	131
(b) Rendering of Services comprise the following:-				
63,800	60,572	Patient Fees [see note 2(d)]	63,800	60,572
252	296	Staff-Meals and Accommodation	252	296
97	89	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	97	89
5	0	- Annual Charge	5	0
6,270	6,623	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	6,270	6,623
258	259	Cafeteria/Kiosk	258	259
5,064	4,297	Clinical Services (excluding Clinical Drug Trials)	5,064	4,297
236	289	Commercial Activities	236	289
67	58	Fees for Medical Records	67	58
16	22	Information Retrieval	16	22
1	5	Linen Service Revenues - Non Health Services	1	5
0	0	Linen Service Revenues - Other Health Services	0	0
541	780	Meals on Wheels	541	780
111	115	PADP Patient Copayments	111	115
23,310	15,592	Patient Inflows from Interstate [see note (d) below]	23,310	15,592
38	27	Patient Transport Fees	38	27
728	316	Salary Packaging Fee	728	316
346	130	Services Provided to Non NSW Health Organisations	346	130
0	16	Use of Ambulance Facilities	0	16
16,406	12,750	Other	16,406	12,750
<u>120,544</u>	<u>103,048</u>		<u>120,544</u>	<u>103,048</u>
(c) Details of the Allocations received for Inter Area Patient Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:				
599	816	Sydney South West AHS	599	816
1,432	1,382	Sydney East Illawarra AHS	1,432	1,382
390	352	Sydney West AHS	390	352
425	512	Northern Sydney/Central Coast AHS	425	512
528	464	Hunter New England AHS	528	464
204	298	North Coast AHS	204	298
2,692	2,799	Greater Western AHS	2,692	2,799
<u>6,270</u>	<u>6,623</u>		<u>6,270</u>	<u>6,623</u>

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
(d) Revenues from Patient Inflows from Interstate are as follows:-				
3,242	1,849	ACT	3,242	1,849
517	495	Queensland	517	495
331	141	South Australia	331	141
18,838	12,905	Victoria	18,838	12,905
260	56	Tasmania	260	56
76	39	Northern Territory	76	39
46	107	Western Australia	46	107
<u>23,310</u>	<u>15,592</u>		<u>23,310</u>	<u>15,592</u>
11. Investment Revenue				
940	886	Interest	940	886
863	671	Lease and Rental Income	863	671
<u>1,803</u>	<u>1,557</u>		<u>1,803</u>	<u>1,557</u>



Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>12. Grants and Contributions</b>				
0	0	Clinical Drug Trials	0	0
3,470	4,199	Commonwealth Government grants	3,470	4,199
22	0	Commonwealth Teaching Hospital grants	22	0
2,075	1,989	Industry Contributions/Donations	2,075	1,989
3,128	2,952	Cancer Institute grants	3,128	2,952
1,480	1,179	NSW Government grants	1,480	1,179
7,551	9,257	Personnel Services - Superannuation Defined Benefits	0	0
43	0	Research grants	43	0
353	339	Other grants	353	339
<u>18,122</u>	<u>19,915</u>		<u>10,571</u>	<u>10,658</u>
<b>13. Other Revenue</b>				
Other Revenue comprises the following:-				
62	14	Bad Debts recovered	62	14
64	68	Commissions	64	68
100	111	Conference and Training Fees	100	111
418	8	Sale of Merchandise, Old Wares and Books	418	8
1,822	2,995	Treasury Managed Fund Hindsight Adjustment	1,822	2,995
24	0	Unclaimed Deposits	24	0
1,787	674	Other	1,787	674
<u>4,277</u>	<u>3,870</u>		<u>4,277</u>	<u>3,870</u>
<b>14. Gain/(Loss) on Disposal</b>				
30,450	16,185	Property Plant and Equipment	30,450	16,185
30,372	13,033	Less Accumulated Depreciation	30,372	13,033
78	3,152	Written Down Value	78	3,152
186	504	Less Proceeds from Disposal	186	504
<u>108</u>	<u>(2,648)</u>	Gain/(Loss) on Disposal of Property Plant and Equipment	<u>108</u>	<u>(2,648)</u>
<u>108</u>	<u>(2,648)</u>	Total Gain/(Loss) on Disposal	<u>108</u>	<u>(2,648)</u>
<b>15. Other Gains/(Losses)</b>				
(1,553)	(1,424)	Impairment of Receivables	(1,553)	(1,424)
<u>(1,553)</u>	<u>(1,424)</u>		<u>(1,553)</u>	<u>(1,424)</u>

Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
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PARENT AND CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	249	75	2,255	2,579
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	560	288	5,737	6,585
Total amount of unexpended contributions as at balance date	809	363	7,992	9,164
Comment on restricted assets appears in Note 23				

Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
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17. Service Groups/Activities of the Health Service

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

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**Service Group 2.2 - Overnight Acute Inpatient Services**

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

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

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

**Service Group 2.3 - Same Day Acute Inpatient Services**

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

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

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

**Service Group 3.1 - Mental Health Services**

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

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

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

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

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

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

Greater Southern Area Health Service  
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Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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



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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		18. Current Assets - Cash and Cash Equivalents		
1,042	(414)	Cash at bank and on hand	1,042	(414)
9,964	9,240	Short Term Deposits	9,964	9,240
<u>11,006</u>	<u>8,826</u>		<u>11,006</u>	<u>8,826</u>
		Cash & cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:		
11,006	8,826	Cash and cash equivalents (per Balance Sheet)	11,006	8,826
		Bank overdraft		
<u>11,006</u>	<u>8,826</u>	Closing Cash and Cash Equivalents (per Cash Flow Statement)	<u>11,006</u>	<u>8,826</u>

*Refer to Note 35 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

Greater Southern Area Health Service  
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for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		19. Receivables		
		<b>Current</b>		
		(a) Sale of Goods and Services		
8,621	9,095	NSW Health Department	8,621	9,095
(79)	2,991	Goods and Services Tax	(79)	2,991
2,574	2,700	Other Debtors	2,574	2,700
<u>441</u>	<u>1,385</u>		<u>441</u>	<u>1,385</u>
11,557	16,171	<b>Sub Total</b>	11,557	16,171
<u>(1,106)</u>	<u>(1,160)</u>	Less Allowance for impairment	<u>(1,106)</u>	<u>(1,160)</u>
10,451	15,011	<b>Sub Total</b>	10,451	15,011
547	465	Prepayments	547	465
<u>10,998</u>	<u>15,476</u>		<u>10,998</u>	<u>15,476</u>
		(b) Movement in the allowance for impairment		
		Sale of Goods & Services		
(745)	(698)	Balance at 1 July	(745)	(698)
1,570	1,106	Amounts written off during the year	1,570	1,106
0	17	Amounts recovered during the year	0	17
(1,398)	(1,170)	Increase/(decrease) in allowance recognised in profit or loss	(1,398)	(1,170)
<u>(573)</u>	<u>(745)</u>	Balance at 30 June	<u>(573)</u>	<u>(745)</u>
		(c) Movement in the allowance for impairment		
		Other Debtors		
(415)	(341)	Balance at 1 July	(415)	(341)
37	197	Amounts written off during the year	37	197
0	0	Amounts recovered during the year	0	0
(155)	(271)	Increase/(decrease) in allowance recognised in profit or loss	(155)	(271)
<u>(533)</u>	<u>(415)</u>	Balance at 30 June	<u>(533)</u>	<u>(415)</u>
<u>(1,106)</u>	<u>(1,160)</u>		<u>(1,106)</u>	<u>(1,160)</u>
		<b>Non Current</b>		
710	764	(a) Prepayments	710	764
<u>710</u>	<u>764</u>		<u>710</u>	<u>764</u>
		(b) Sale of Goods and Services Receivables		
		(Current and Non Current) include:		
637	1,382	Patient Fees - Compensable	637	1,382
419	354	Patient Fees - Ineligible	419	354
4,449	4,188	Patient Fees - Other	4,449	4,188
<u>5,505</u>	<u>5,924</u>		<u>5,505</u>	<u>5,924</u>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 35.*

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		20. Inventories		
		Current - at cost (held for Distribution)		
1,798	1,152	Drugs	1,798	1,152
1,524	2,043	Medical and Surgical Supplies	1,524	2,043
84	82	Food and Hotel Supplies	84	82
146	203	Engineering Supplies	146	203
96	109	Other including Goods in Transit	96	109
<u>3,648</u>	<u>3,589</u>		<u>3,648</u>	<u>3,589</u>

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>21. Property, Plant and Equipment</b>				
		Land and Buildings - fair value		
1,095,340	1,012,640	Gross Carrying Amount	1,095,340	1,012,640
536,842	480,573	Less Accumulated depreciation and impairment	536,842	480,573
<u>558,498</u>	<u>532,067</u>	Net Carrying Amount	<u>558,498</u>	<u>532,067</u>
		Plant and Equipment - fair value		
57,840	75,558	Gross Carrying Amount	57,840	75,558
33,889	52,589	Less Accumulated depreciation and impairment	33,889	52,589
<u>23,951</u>	<u>22,969</u>	Net Carrying Amount	<u>23,951</u>	<u>22,969</u>
		Infrastructure Systems - fair value		
18,268	16,216	Gross Carrying Amount	18,268	16,216
10,383	8,766	Less Accumulated depreciation and impairment	10,383	8,766
<u>7,885</u>	<u>7,450</u>	Net Carrying Amount	<u>7,885</u>	<u>7,450</u>
<u>590,334</u>	<u>562,486</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>590,334</u>	<u>562,486</u>

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21. Property, Plant and Equipment - Reconciliations

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2009</b>								
Net carrying amount at start of year	44,349	409,142	78,577	0	22,969	7,450	0	562,487
Additions	(5)	77,950	(72,626)	0	5,596	41	0	10,956
Reclassifications to Intangibles	0	0	0	0	0	0	0	0
Recognition of Assets Held for Sale	(3,380)	(671)	0	0	0	0	0	(4,051)
Disposals	(30)	(49)	0	0	0	0	0	(79)
Administrative restructures - transfers in/(out)	0	0	0	0	(277)	0	0	(277)
Net revaluation increment less revaluation decrements recognised in reserves	(4,432)	47,496	0	0	0	866	0	43,930
Impairment losses (recognised in "other gains/losses")	0	0	0	0	0	0	0	0
Depreciation expense	0	(17,822)	0	0	(4,337)	(472)	0	(22,631)
Reclassifications	0	0	0	0	0	0	0	0
Net carrying amount at end of year	36,502	516,046	6,951	0	23,951	7,885	0	590,335

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2008</b>								
Net carrying amount at start of year	44,761	409,588	34,752	0	23,139	7,403	0	519,643
Additions	138	201	62,845	0	5,606	519	0	69,309
Reclassifications to Intangibles	0	0	0	0	0	0	0	0
Recognition of Assets Held for Sale	0	0	0	0	0	0	0	0
Disposals	(550)	(2,504)	0	0	(99)	0	0	(3,153)
Administrative restructures - transfers in/(out)	0	(542)	(8)	0	0	0	0	(550)
Net revaluation increment less revaluation decrements recognised in reserves	0	0	0	0	0	0	0	0
Impairment losses (recognised in "other gains/losses")	0	0	0	0	0	0	0	0
Depreciation expense	0	(17,156)	0	0	(5,135)	(472)	0	(22,763)
Reclassifications	0	19,554	(19,012)	0	(542)	0	0	0
Net carrying amount at end of year	44,349	409,141	78,577	0	22,969	7,450	0	562,486

- (i) Land and Buildings include land owned by the Health Administration Corporation and administered by the Health Service [see note 2(g)].
- (ii) Land and Buildings were valued by AON Valuation Services (Certified Practising Valuers) on 30 June 2007 [see note 2(j)]. AON Valuation Services are not an employee of the Health Service.
- (iii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had an uplift factor applied in relation to the movement in the market and increase in the building and infrastructure costs. The uplift has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value. The following table details the indices to be applied to Non Current Assets as determined by the Department of Commerce:

Year	Land	Buildings	Infrastructure
08/09	0.90	1.06	1.06

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		22. Non Current Assets held for sale		
		Assets held for sale		
4,051	0	Land and Buildings	4,051	0
0	0	Plant and Equipment	0	0
0	0	Infrastructure systems	0	0
		Other		
<u>4,051</u>	<u>0</u>		<u>4,051</u>	<u>0</u>

All Land and Buildings listed as Held for Sale has been deemed surplus to requirements during negotiations between the Area Health Service and the NSW Department of Health. It is anticipated all property will be offered for Auction during the 2009/10 financial year.

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	2009			2009		2008	
	\$000			\$000		\$000	

23. Restricted Assets

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

	Category	Brief Details of Externally Imposed Conditions including Asset Category affected		
5,437	5,199 Specific Purposes	Hospital/Ward Specific	5,437	5,199
0	311 Private Practice Funds	Private Practice Trust	0	311
3,727	3,590 Other	Not restricted to Specific hospitals	3,727	3,590
<u>9,164</u>	<u>9,100</u>		<u>9,164</u>	<u>9,100</u>

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>24. Payables</b>				
		<b>Current</b>		
0	0	Accrued Salaries and Wages	11,512	11,950
0	0	Taxation and Payroll Deductions	1,224	5,498
12,736	17,048	Accrued Liability - Purchase of Personnel Services	0	0
38,844	41,914	Creditors	38,844	41,914
4	62	Interest	4	62
		<b>Other Creditors</b>		
(2,043)	3,879	- Capital Works	(2,043)	3,879
4,908	2,239	- Intra Health Liability	4,908	2,239
(587)	14	- Other	(587)	14
127	115	- Taxation	127	115
<u>53,989</u>	<u>65,271</u>		<u>53,989</u>	<u>65,271</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 35.*

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>25. Borrowings</b>				
		<b>Current</b>		
0	0	Bank Overdraft	0	0
21,719	8,040	Other Loans and Deposits	21,719	8,040
<u>21,719</u>	<u>8,040</u>		<u>21,719</u>	<u>8,040</u>
		<b>Non Current</b>		
0	0	Bank Overdraft	0	0
19,510	10,526	Other Loans and Deposits	19,510	10,526
<u>19,510</u>	<u>10,526</u>		<u>19,510</u>	<u>10,526</u>

Other loans still to be extinguished represent monies to be repaid to the NSW Health Department/  
Sustainable Energy Development Authority.  
Final Repayment is scheduled for 30 June 2016.

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>Repayment of Borrowings (excluding Finance Leases)</b>				
14,185	3,250	Not later than one year	14,185	3,250
25,003	15,181	Between one and five years	25,003	15,181
2,041	136	Later than five years	2,041	136
<u>41,229</u>	<u>18,567</u>	<b>Total Borrowings at face value (excluding Finance Leases)</b>	<u>41,229</u>	<u>18,567</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 35.*



Greater Southern Area Health Service  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		<b>26. Provisions</b>		
		<b>Current Employee benefits and related on-costs</b>		
0	0	Annual Leave - Short Term Benefit	24,271	26,462
0	0	Annual Leave - Long Term Benefit	20,963	22,831
0	0	Long Service Leave - Short Term Benefit	8,510	5,304
0	0	Long Service Leave - Long Term Benefit	56,542	61,268
0	0	Sick Leave	0	0
0	0	Other	0	0
110,286	116,865	Provision for Personnel Services Liability	0	0
<u>110,286</u>	<u>116,865</u>	<b>Total Current Provisions</b>	<u>110,286</u>	<u>116,865</u>
		<b>Non Current Employee benefits and related on-costs</b>		
0	0	Long Service Leave - Conditional	4,919	3,703
0	0	Sick Leave	0	0
0	0	Other	0	0
4,919	3,703	Provision for Personnel Services Liability	0	0
<u>4,919</u>	<u>3,703</u>	<b>Total Non Current Provisions</b>	<u>4,919</u>	<u>3,703</u>
		<b>Aggregate Employee Benefits and Related On-costs</b>		
110,286	116,865	Provisions - current	110,286	116,865
4,919	3,703	Provisions - non-current	4,919	3,703
0	0	Accrued Salaries and Wages and on costs (Note 24)	12,736	17,048
12,736	17,048	Accrued Liability - Purchase of Personnel Services (Note 24)	0	0
<u>127,941</u>	<u>137,616</u>		<u>127,941</u>	<u>137,616</u>

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27. PARENT AND CONSOLIDATION

Equity	Accumulated Funds		Asset Revaluation Reserve		Available for Sale Reserves		Total Equity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance at the beginning of the financial year	176,105	165,418	210,628	211,172	0	0	386,736	376,590
Correction of errors	0	0	0	0	0	0	0	0
<b>Restated Opening Balance</b>	<b>176,105</b>	<b>165,418</b>	<b>210,628</b>	<b>211,172</b>	<b>0</b>	<b>0</b>	<b>386,736</b>	<b>376,590</b>
<b>Changes in equity - transactions with owners as owners</b>								
Increase/(Decrease) in Net Assets from Administrative Restructure Adjustment for building transferred to Health Support	(277)			(544)			(277)	0 (544)
<b>Total</b>	<b>175,831</b>	<b>165,418</b>	<b>210,628</b>	<b>210,628</b>	<b>0</b>	<b>0</b>	<b>386,459</b>	<b>376,046</b>
<b>Changes in equity - other than transactions with owners as owners</b>								
Result for the year	(20,655)	10,690					(20,655)	10,690
Increase/(Decrease) on Revaluation of								
Land and Buildings	0	0	43,084	0	0	0	43,084	0
Plant and Equipment	0	0	0	0	0	0	0	0
Infrastructure Systems	0	0	666	0	0	0	666	0
<b>Total</b>	<b>(20,655)</b>	<b>10,690</b>	<b>43,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,865</b>	<b>10,690</b>
<b>Transfers within equity</b>								
Asset revaluation reserve balances transferred to accumulated funds on disposal of asset	0	0	0	0	0	0	0	0
Other (Roundings carried forward from prior years)	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at the end of the financial year</b>	<b>155,766</b>	<b>176,108</b>	<b>254,558</b>	<b>210,628</b>	<b>0</b>	<b>0</b>	<b>410,324</b>	<b>386,736</b>

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

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		28. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	495	1,432
495	1,432	Later than one year and not later than five years	4,362	0
4,362	0	Later than five years		
		Total Capital Expenditure Commitments (including GST)	4,857	1,432
		(b) Other Expenditure Commitments		
		Aggregate other expenditure contracted for the rental payments contracted for at balance date and not provided for:		
		Not later than one year	3,304	3,264
3,304	3,264	Later than one year and not later than five years	5,143	5,170
5,143	5,170	Later than five years	85	331
85	331	Total Other Expenditure Commitments (including GST)	8,532	8,765
		(c) Operating Lease Commitments		
		Commitments in relation to non-cancelable operating leases are payable as follows:		
		Not later than one year	4,297	5,104
4,297	5,104	Later than one year and not later than five years	3,610	3,310
3,610	3,310	Later than five years	157	245
157	245	Total Operating Lease Commitments (including GST)	8,064	8,659
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		

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29. Trust Funds

The Health Service holds trust fund moneys of \$2.036 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the Health Service cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash balance at the beginning of the financial reporting period	1,171	1,180	141	137	765	529	2,077	1,846
Receipts	815	599	91	34	4,340	4,667	5,046	5,300
Expenditure	(455)	(608)	(42)	(30)	(4,590)	(4,431)	(5,087)	(5,069)
Cash balance at the end of the financial reporting period	1,331	1,171	190	141	515	765	2,036	2,077

30. **Contingent Liabilities**

**a) Claims on Managed Fund**

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

**b) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2002/03 fund year and an interim adjustment for the 2004/05 fund year were not calculated until 2008/09. As a result, the 2003/04 final and 2005/06 interim hindsight calculations will be paid in 2009/10.

**c) Affiliated Health Organisations**

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

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

**d) Interstate Patient Flows, Australian Capital Territory**

The Department has agreed with ACT Health that a clinical and resource cost audit be performed on a subset of NSW patient inflows to the ACT:

This review is required to assess the reasonableness of the rapid increases in the number of separations/statistical discharges and same day admissions through ACT emergency departments for NSW patients for both 2006/07 and 2007/08.

It is also expected that the audit will make recommendations on an appropriate process of regular auditing and data checking relating to NSW inflows to the ACT.

The outcome and completion date of the review cannot be reliably estimated and, therefore it is not possible to quantify the contingent liability that may present.

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2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>31. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services</b>				
(14,648)	70,093	Net Cash Flows from Operating Activities	(14,648)	70,093
(22,631)	(22,763)	Depreciation	(22,631)	(22,763)
54	(122)	Provision for Doubtful Debts	54	(122)
0	0	Acceptance by the Crown Entity of Employee Superannuation Benefits	(7,551)	(9,257)
5,363	(14,219)	(Increase)/ Decrease in Provisions	5,363	(14,219)
(4,527)	(756)	Increase / (Decrease) in Prepayments and Other Assets	(4,527)	(756)
11,278	(18,912)	(Increase)/ Decrease in Creditors	11,278	(18,912)
108	(2,631)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	108	(2,631)
(740,882)	(669,913)	(NSW Health Department Recurrent Allocations)	(740,882)	(669,913)
(5,246)	(68,066)	(NSW Health Department Capital Allocations)	(5,246)	(68,066)
<u>(771,131)</u>	<u>(727,289)</u>	<b>Net Cost of Services</b>	<u>(778,682)</u>	<u>(736,546)</u>

**32. 2008/09 Voluntary Services**

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

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Chaplaincies and Pastoral Care</li> <li>• Pink Ladies/Hospital Auxiliaries</li> <li>• Patient Support Groups</li> <li>• Community Organisations</li> </ul> | <ul style="list-style-type: none"> <li>• Patient &amp; Family Support</li> <li>• Patient Services, Fund Raising</li> <li>• Practical Support to Patients and Relative</li> <li>• Counselling, Health Education, Transport, Home Help &amp; Patient Activities</li> </ul> |
|---|--|

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33. Unclaimed Moneys

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

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

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

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34. Budget Review - Parent and Consolidated

**Net Cost of Services**

The actual Net Cost of Services was higher than budget by \$15.745M (2.1%), this was primarily due to the additional costs incurred by the Area Health Service to attract permanent medical, nursing and allied health professionals in an environment of increasing demand for rural health services. Within this result total expenditure was \$29.1M (3.3%) unfavourable, during the year Hotel Services was transferred to Health Support Services which has distorted the result between employee related and other operating expenses. Total Revenue was \$14.2M (11.5%) favourable, supported by a favourability in interstate patient flows of \$7.3M and \$8.7M in other user charges.

**Result for the Year**

The Result for the Year was unfavourable to budget by \$22.2M. Government contributions totalled \$740.9M and were on line with budget.

**Assets and Liabilities**

Total Assets were above budget by \$48.1M with the current year balance representing an increase of \$29.6M on last year. This movement in total assets is as a result of a desktop revaluation of land and buildings that was undertaken by the Area with guidance from Treasury in June 2009. Total liabilities exceeded budget by \$27.7M much of this increase relates to loans with NSW Health which have increased \$22.7M on last year.

**Cash Flows**

Closing Cash and Cash Equivalents has increased by \$2.18M and is \$7.3M favourable to budget. Net Cash Flows from Operating Activities were \$5.7M unfavourable to budget.

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of

	'\$000
Initial Allocation 30/06/2008	636,500
Inter Area Patient Flows	48,501
Inter State Patient Flows	5,306
Award Increases	6,511
Leave Adjustments	5,330
Voluntary Redundancies	4,319
Special Projects	
Mental Health Enhancements	2,360
Drug and Alcohol Enhancements	726
HACC Services	464
PADP Services	424
AIDS	453
Aboriginal Health	997
Women's Health	483
Other	
Liquidity Assistance and Other Adjustments	9,645
Financial Assistance	6,067
Mini Budget Dividend	4,133
RDF Adjustment	2,500
Medical (VMO) Costs	3,999
Nursing	1,419
Compacts	387
Clinical Redesign and Leadership	358
Balance as per Operating Statement	740,882



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35. Financial Instruments

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

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

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

a) Financial Instrument Categories

PARENT

		Total carrying amounts as per the Balance Sheet	
		2009 \$000	2008 \$000
<b>Financial Assets</b>			
<b>Class:</b>	<b>Category</b>		
Cash and Cash Equivalents (note 18)	N/A	11,006	8,826
Receivables at Amortised Cost (note 19) <sup>1</sup>	Loans and receivables (at amortised cost)	7,877	12,310
<b>Total Financial Assets</b>		<b>18,883</b>	<b>21,136</b>
<b>Financial Liabilities</b>			
	<b>Financial Liabilities</b>		
Borrowings (Note 25)	measured at	41,229	18,566
Payables (Note 24) <sup>2</sup>	amortised cost	53,989	65,270
<b>Total Financial Liabilities</b>		<b>95,218</b>	<b>83,836</b>

Notes

<sup>1</sup> Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

<sup>2</sup> Excludes unearned revenue (ie not within scope of AASB 7)

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CONSOLIDATION

		Total carrying amounts as per the Balance Sheet	
		2009 \$000	2008 \$000
<b>Financial Assets</b>			
<b>Class:</b>	<b>Category</b>		
Cash and Cash Equivalents (note 18)	N/A	11,006	8,826
Receivables at Amortised Cost (note 19) <sup>1</sup>	Loans and receivables (at amortised cost)	7,877	12,310
<b>Total Financial Assets</b>		<b>18,883</b>	<b>21,136</b>
 <b>Financial Liabilities</b>			
	<b>Financial Liabilities</b>		
Borrowings (Note 25)	measured at	41,229	18,566
Payables (Note 24) <sup>2</sup>	amortised cost	53,989	65,270
<b>Total Financial Liabilities</b>		<b>95,218</b>	<b>83,836</b>

Notes

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

b) **Credit Risk**

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

Credit risk arises from financial assets of the Health Service i.e receivables. No collateral is held by the Health Service nor has it granted any financial guarantees.

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

**Cash**

Cash comprises cash on hand and bank balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 5.63% in 2008/09 compared to 6.80% in the previous year. The TCorp Hour Glass cash facility is discussed in para (d) below.

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Receivables - trade debtors

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

The Health Service is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: \$4,179; 2008: \$6,845 and not more than [3] months past due (2009: \$2,362; 2008: \$2,784) are not considered impaired and together these represent 73% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled with 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the Health Services' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have not been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

	\$000		
2009	Total	Past due but not impaired	Considered impaired
<3 months overdue	6,562	6,541	21
3 months - 6 months overdue	272	253	19
> 6 months overdue	2,150	1,084	1,066
<b>2008</b>			
<3 months overdue	9,632	9,629	3
3 months - 6 months overdue	712	704	8
> 6 months overdue	3,669	2,520	1,149

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

c) **Liquidity risk**

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

The Health Service has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Department of Health. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

	\$'000					Maturity Dates			Weighted Average Effective Int rate
	Interest Rate Exposure	Nominal Amount 1	Variable Interest Rate	Non - Interest Bearing	Fixed Interest Rate	< 1 Yr	1-5 Yr	> 5Yr	
2009	%	\$	\$000	\$000	\$000	\$000	\$000	\$000	%
Payables:									
Accrued salaries		12,736	0	12,736	12,736		0	0	
Wages and payroll deductions									
Creditors		41,253	0	41,253	41,253		0	0	
Borrowings:									
Bank Overdraft									
Non Interest Loans									
Other Loans and Deposits	5.53	46,585	281	46,304	15,698		28,725	2,162	5.53
Finance leases									
		100,574	281	100,293	69,687		28,725	2,162	
<b>2008</b>									
Payables:									
Accrued salaries		16,759	0	16,759	16,759		0	0	
Wages and payroll deductions									
Creditors		48,511	0	48,511	48,511		0	0	
Borrowings:									
Bank Overdraft									
Non Interest Loans									
Other Loans and Deposits	5.97	23,485	976	17,591	3,250		15,181	136	5.97
Finance leases									
		88,755	976	82,861	68,520		15,181	136	

Notes:

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

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d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Health Service operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

However, Health Services are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted). Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

e) Fair Value

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 Health Service's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

Except where specified below, the amortised cost of financial instruments recognised in the balance sheet approximates the fair value because of the short term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount:

	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash & Cash Equiv.	11,006	11,006	8,826	8,826
Receivables	7,877	7,877	12,311	12,311
<b>Financial liabilities</b>				
Payables	53,989	53,989	65,271	65,271
Borrowings	41,229	41,229	18,566	18,566

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36. Post Balance Date Events

**Establishment of Albury Wodonga Health Division**

Albury Wodonga Health (AWH) was established by Victoria, pursuant to the Health Services Act (VIC). On 1 July 2009, AWH assumed responsibility for providing certain health services at Albury Base Hospital and in Wodonga (VIC), in an integrated manner. NSW provides funding to AWH for the provision of health services at Albury Base Hospital (other than mental health, sub acute and community health services), in accordance with the terms of the Intergovernmental Agreement and interim arrangements currently in place.

In accordance with the provisions of the Health Services Act 1997, the Director General established an "Albury Wodonga Health Division" of the NSW Health Service and transferred the group of staff within the Greater Southern Area Health Service Division who will be working at AWH to that Division, effective from 1 July 2009. NSW has delegated the day to day management of staff working with AWH to the Chief Executive of AWH. NSW is providing funding to AWH to cover existing annual leave and long service leave for NSW seconded employees but the net value of the transfer is yet to be agreed.

The Health Administration Corporation will be entering into a lease with the Department of Human Services, VIC, of the Albury Base Hospital Campus. The buildings, plant and equipment at the Albury campus remain assets of NSW and reporting of the new Division will continue through the Greater Southern Area Health Service.

END OF AUDITED FINANCIAL STATEMENTS