



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Greater Western Area Health Service

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Greater Western Area Health Service (the Service), which comprises the balance sheets as at 30 June 2009, the operating statements, statements of recognised income and expense, cash flow statements and 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

16 October 2009
SYDNEY

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

The attached financial statements of the Greater Western Area Health Service for the period ended 30 June 2009:

- i) Have been prepared in accordance with the requirements of applicable Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AEIFRS), the requirements of the *Public Finance and Audit Act 1983* and its regulations, the *Health Services Act 1997* and its regulations, the Accounts and Audit Determination and the Accounting Manual for Area Health Services and Public Hospitals;
- ii) Present fairly the financial position and transactions of the Greater Western Area Health Service; and
- iii) Have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



.....
**Acting Chief Executive
Greater Western Area Health Service**

20/07/09



.....
**Acting Financial Controller
Greater Western Area Health Service**

20/07/09

Greater Western Area Health Service
Operating 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	Actual 2008 \$000
Expenses excluding losses							
Operating Expenses							
0	0	0		409,284	412,112	391,357	391,357
409,284	412,112	391,357	3	0	0	0	0
53,889	47,277	53,889	4	53,889	47,277	53,613	53,613
281,706	250,666	248,132	5	281,706	250,666	248,132	248,132
25,314	24,807	24,476	2(i), 6	25,314	24,807	24,476	24,476
10,417	9,914	8,996	7	10,417	9,914	8,996	8,996
158	93	111	8	158	93	111	111
9,065	9,534	7,774	9	9,065	9,534	7,774	7,774
789,833	754,403	734,459		789,833	754,403	734,459	734,459
Revenue							
69,629	71,574	69,315	10	69,629	71,574	69,315	69,315
1,166	799	1,197	11	1,166	799	1,197	1,197
16,619	13,958	17,354	12	8,112	7,029	9,248	9,248
6,618	4,141	9,481	13	6,618	4,141	9,481	9,481
94,032	90,472	97,347		85,525	83,543	89,241	89,241
(72)	0	(6)	14	(72)	0	(6)	(6)
(1,438)	0	(213)	15	(1,438)	0	(213)	(213)
697,311	663,931	637,331	32	705,818	670,860	645,437	645,437
Government Contributions							
672,547	672,547	560,463	2(d)	672,547	672,547	560,463	560,463
34,384	6,562	53,875	2(d)	34,384	6,562	53,875	53,875
0	0	0	2(a)(ii)	8,507	6,929	8,106	8,106
706,931	679,109	614,338		715,438	686,038	622,444	622,444
9,620	15,178	(22,993)		9,620	15,178	(22,993)	(22,993)

The accompanying notes form part of these Financial Statements

Greater Western 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 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes
19,167	0	19,167	43,759	43,759	
					Net Increase/(Decrease) in Property, Plant and Equipment Asset Revaluation Reserve
<u>19,167</u>	<u>0</u>	<u>19,167</u>	<u>43,759</u>	<u>43,759</u>	
9,620	15,178	9,620	15,178	(22,995)	
					TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY
<u>28,787</u>	<u>15,178</u>	<u>28,787</u>	<u>58,937</u>	<u>20,766</u>	Result for the Year
					TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR
		<u>28,787</u>	<u>58,937</u>	<u>20,766</u>	28

The accompanying notes form part of these Financial Statements

**Greater Western Area Health Service
Balance Sheet as at 30 June 2009**

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
ASSETS						
Current Assets						
10,345	9,492	7,439	18	10,345	9,492	7,439
11,666	18,429	21,461	19	11,666	18,429	21,461
3,444	2,758	2,958	20	3,444	2,758	2,958
7,635	1,180	1,180	22	7,635	1,180	1,180
33,090	31,859	33,038		33,090	31,859	33,038
Total Current Assets						
Non-Current Assets						
Property, Plant and Equipment						
502,189	455,455	474,353	21	502,189	455,455	474,353
27,560	33,886	26,397	21	27,560	33,886	26,397
11,247	9,660	10,176	21	11,247	9,660	10,176
540,996	499,001	510,926		540,996	499,001	510,926
540,996	499,001	510,926		540,996	499,001	510,926
Total Non-Current Assets						
574,086	530,860	543,964		574,086	530,860	543,964
Total Assets						
LIABILITIES						
Current Liabilities						
72,393	35,156	97,941	24	72,393	35,156	97,941
5,318	5,300	300	25	5,318	5,300	300
113,720	116,285	108,337	26	113,720	116,285	108,337
891	207	207	27	891	207	207
192,322	156,948	206,785		192,322	156,948	206,785
Total Current Liabilities						
Non-Current Liabilities						
16,455	16,866	1,012	25	16,455	16,866	1,012
5,653	7,686	5,298	26	5,653	7,686	5,298
22,108	24,552	6,310		22,108	24,552	6,310
Total Non-Current Liabilities						
214,430	181,500	213,095		214,430	181,500	213,095
Total Liabilities						
359,656	349,360	330,869		359,656	349,360	330,869
Net Assets						
EQUITY						
170,715	151,547	151,548	28	170,715	151,547	151,548
188,941	197,813	179,321	28	188,941	197,813	179,321
359,656	349,360	330,869		359,656	349,360	330,869
Total Equity						

The accompanying notes form part of these Financial Statements

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

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
0	0	0		(410,874)	(394,675)	(359,926)
(11,458)	(9,534)	(9,895)	Employee Related	(11,458)	(9,534)	(9,895)
(158)	0	0	Grants and Subsidies	(158)	0	0
(780,267)	(735,307)	(656,116)	Finance Costs	(369,393)	(340,632)	(296,190)
			Other			
(791,883)	(744,841)	(666,011)	Total Payments	(791,883)	(744,841)	(666,011)
Receipts						
71,121	73,171	71,552	Sale of Goods and Services	71,121	73,171	71,552
1,203	799	1,197	Interest Received	1,203	799	1,197
37,713	30,224	39,753	Other	37,713	30,224	39,753
110,037	104,194	112,502	Total Receipts	110,037	104,194	112,502
Cash Flows From Government						
672,547	634,147	560,463	NSW Department of Health Recurrent Allocations	672,547	634,147	560,463
38,088	6,562	50,229	NSW Department of Health Capital Allocations	38,088	6,562	50,229
710,635	640,709	610,692	Net Cash Flows from Government	710,635	640,709	610,692
28,789	62	57,183	NET CASH FLOWS FROM OPERATING ACTIVITIES	28,789	62	57,183
CASH FLOWS FROM INVESTING ACTIVITIES						
0	0	71	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	0	0	71
(45,259)	(14,170)	(46,938)	Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems	(45,259)	(14,170)	(46,938)
(1,333)	0	(7,304)	Other	(1,333)	0	(7,304)
(46,592)	(14,170)	(54,171)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(46,592)	(14,170)	(54,171)
CASH FLOWS FROM FINANCING ACTIVITIES						
25,727	20,762	0	Proceeds from Borrowings and Advances	25,727	20,762	0
(5,018)	0	(1,312)	Repayment of Borrowings and Advances	(5,018)	0	(1,312)
20,709	20,762	(1,312)	NET CASH FLOWS FROM FINANCING ACTIVITIES	20,709	20,762	(1,312)
2,906	6,654	1,700	NET INCREASE / (DECREASE) IN CASH	2,906	6,654	1,700
7,439	2,838	5,739	Opening Cash and Cash Equivalents	7,439	2,838	5,739
10,345	9,492	7,439	CLOSING CASH AND CASH EQUIVALENTS	10,345	9,492	7,439

The accompanying notes form part of these Financial Statements

**Greater Western Area Health Service
Service Group Statements
for the Year Ended 30 June 2009**

SERVICE'S ASSETS AND LIABILITIES	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Total					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
ASSETS																										
Current Assets																										
Cash and Cash Equivalents	851	622	118	86	714	524	826	605	4,394	3,087	809	588	976	718	1,330	967	248	183	79	59						
Receivables	1,148	2,157	165	305	482	876	282	527	5,237	9,528	405	804	116	205	3,293	5,975	369	683	169	392						
Inventories	179	161	26	23	155	139	204	181	1,803	1,803	258	224	157	142	255	227	55	50	7	7						
Non Current Assets Held for Sale	628	99	87	14	527	83	610	96	3,243	490	597	93	720	114	981	153	183	29	59	9						
Total Current Assets	2,807	3,039	396	428	1,878	1,623	1,922	1,409	15,022	14,908	2,068	1,710	1,969	1,178	5,859	7,321	855	955	314	467						
Non-Current Assets																										
Property, Plant and Equipment																										
- Land and Buildings	56,301	53,180	9,681	9,148	45,509	42,986	36,383	34,381	160,911	151,961	39,042	36,881	53,583	50,621	87,090	82,270	12,697	11,996	992	930						
- Plant and Equipment	3,090	2,959	531	509	2,498	2,392	1,997	1,913	8,631	8,456	2,143	2,052	2,941	2,817	4,780	4,578	697	668	54	52						
- Infrastructure Systems	1,261	1,141	217	196	1,019	922	815	738	3,604	3,260	874	791	1,200	1,086	1,950	1,765	284	257	22	20						
Total Non-Current Assets	60,652	57,280	10,429	9,853	49,026	46,300	39,195	37,031	173,345	163,678	42,059	39,724	57,724	54,524	93,820	88,613	13,678	12,921	1,069	1,002						
Total Assets	63,458	60,319	10,825	10,281	50,904	47,923	41,117	38,441	188,367	178,585	44,127	41,434	59,693	55,703	99,680	95,934	14,532	13,876	1,382	1,469						
LIABILITIES																										
Current Liabilities																										
Payables	3,767	5,346	546	770	3,256	4,619	4,286	5,984	45,150	59,709	5,418	7,427	3,307	4,697	5,361	7,508	1,149	1,661	153	220						
Borrowings	437	25	61	3	367	21	425	24	2,259	124	416	24	502	29	684	39	127	7	41	2						
Provisions	12,085	11,513	1,767	1,683	8,440	8,040	10,674	10,169	35,979	34,276	7,961	7,584	13,891	13,234	17,844	17,000	3,750	3,572	1,329	1,266						
Other	73	17	10	2	62	15	71	17	378	86	70	16	84	20	115	27	21	5	7	2						
Total Current Liabilities	16,363	16,902	2,383	2,459	12,125	12,695	15,455	16,194	83,767	94,195	13,865	15,052	17,784	17,979	24,004	24,573	5,048	5,246	1,529	1,490						
Non-Current Liabilities																										
Borrowings	1,354	85	188	12	1,136	71	1,314	82	6,990	420	1,286	80	1,552	98	2,115	131	384	25	126	8						
Provisions	601	563	88	82	420	393	531	497	1,789	1,676	396	371	691	647	887	831	186	175	66	62						
Total Non-Current Liabilities	1,954	648	275	94	1,555	465	1,844	580	8,778	2,096	1,682	451	2,243	745	3,002	963	581	200	192	70						
Total Liabilities	18,318	17,549	2,659	2,554	13,680	13,159	17,299	16,773	92,545	96,291	15,547	15,502	20,027	18,724	27,006	25,536	5,628	5,446	1,722	1,560						
Net Assets	45,141	42,770	8,167	7,727	37,224	34,764	23,817	21,667	95,822	82,294	28,580	25,931	39,667	36,979	72,674	70,398	8,904	8,430	(339)	(92)						

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.

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

1 The Health Service Reporting Entity

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

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

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

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

These financial statements have been authorised for issue by the Chief Executive on 20th July 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 \$159.232 M (2008 \$173.747 M). Notwithstanding this deficiency the financial report has been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

Accounting Standard/Interpretation

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

AASB 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 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 2008-9 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 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.

2 Summary of Significant Accounting Policies (continued)

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 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 17.7% (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.

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.

2 Summary of Significant Accounting Policies (continued)

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 income when the service is provided or by reference to the stage of completion.

Patient Fees

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

Investment Revenue

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

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

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

2 Summary of Significant Accounting Policies (continued)

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.

Inter State Patient Flows

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

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

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

g) Acquisition of Assets

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

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

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

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.

2 Summary of Significant Accounting Policies (continued)

h) Capitalisation Thresholds

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

i) Depreciation

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

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

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

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

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

j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 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".

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 its Land and Buildings and Infrastructure at minimum every three years by independent valuation. A land and building revaluation was undertaken on 30 June 2009 and completed by AON Risk Services.

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.

2 Summary of Significant Accounting Policies (continued)

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 136⁹ Impairment of Assets⁹ 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.

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) **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.

o) **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.

p) **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.

q) **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.

2 Summary of Significant Accounting Policies (continued)

r) 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 Western 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 Western 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
- * *Held to maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Greater Western 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.

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.

s) Impairment of Financial Assets

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

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

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

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

t) 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.

u) 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.

2 Summary of Significant Accounting Policies (continued)

v) **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.

w) **Equity Transfers**

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

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.

x) **Trust Funds**

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

y) **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.

z) **Emerging Asset**

The Health Services's emerging interest in the Orange and Associated Health Services has been valued in accordance with the Department of Health's policy for *Accounting for Privately Financed Projects*. This policy required the Health Services to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 28 years using the annuity method and the Government Bond rate of 5.97% at commencement of the concession period.

aa) **Service Group Statements Allocation Methodology**

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2008 which is then applied to the current period's financial information. In respect of Assets and Liabilities the Department requires that all Health Services take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health eg. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

Greater Western 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
3. Employee Related				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	294,698	292,082
0	0	Awards	16,453	13,144
0	0	Superannuation - defined benefit plans	8,507	8,106
0	0	Superannuation - defined contributions	25,609	25,717
0	0	Long Service Leave	10,977	7,370
0	0	Annual Leave	33,092	27,233
0	0	Sick Leave and Other Leave	12,005	10,145
0	0	Redundancies	1,618	0
0	0	Workers Compensation Insurance	6,302	7,506
0	0	Fringe Benefits Tax	23	54
<u>0</u>	<u>0</u>		<u>409,284</u>	<u>391,357</u>
The following additional information is provided:				
0	0	Employee Related Expenses capitalised - Plant and Equipment	378	181
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
294,698	292,082	Salaries and Wages	0	0
16,453	13,144	Awards	0	0
8,507	8,106	Superannuation - defined benefit plans	0	0
25,609	25,717	Superannuation - defined contributions	0	0
10,977	7,370	Long Service Leave	0	0
33,092	27,233	Annual Leave	0	0
12,005	10,145	Sick Leave and Other Leave	0	0
1,618	0	Redundancies	0	0
6,302	7,506	Workers Compensation Insurance	0	0
23	54	Fringe Benefits Tax	0	0
<u>409,284</u>	<u>391,357</u>		<u>0</u>	<u>0</u>
The following additional information is provided:				
378	181	Personnel Services Expenses capitalised - Plant and Equipment	0	0
5. Other Operating Expenses				
86,222	71,338	Allocations towards Inter Area Patient Outflows, NSW (see (d) below)	86,222	71,338
2,561	1,385	Blood and Blood Products	2,561	1,385
9,763	7,538	Domestic Supplies and Services	9,763	7,538
16,258	15,712	Drug Supplies	16,258	15,712
5,466	5,784	Food Supplies	5,466	5,784
6,334	6,102	Fuel, Light and Power	6,334	6,102
23,131	17,143	General Expenses (See (b) below)	23,131	17,143
17,000	15,289	Hospital Ambulance Transport Costs	17,000	15,289
9,135	5,635	Information Management Expenses	9,135	5,635
1,174	1,936	Insurance	1,174	1,936
22,102	17,257	Interstate Patient Outflows (see (e) below)	22,102	17,257
Maintenance (See (c) below)				
8,525	2,744	Maintenance Contracts	8,525	2,744
4,840	9,937	New/Replacement Equipment under \$10,000	4,840	9,937
1,102	2,877	Repairs	1,102	2,877
0	5	Other	0	5
20,375	19,554	Medical and Surgical Supplies	20,375	19,554
4,326	4,562	Postal and Telephone Costs	4,326	4,562
1,919	2,092	Printing and Stationery	1,919	2,092
1,130	1,323	Rates and Charges	1,130	1,323
2,036	1,875	Rental	2,036	1,875
17,941	19,384	Special Service Departments	17,941	19,384
5,726	5,094	Staff Related Costs	5,726	5,094
7,346	6,106	Sundry Operating Expenses (See (a) below)	7,346	6,106
7,294	7,460	Travel Related Costs	7,294	7,460
<u>281,706</u>	<u>248,132</u>		<u>281,706</u>	<u>248,132</u>

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

	PARENT	2009	2008	CONSOLIDATION
	\$000	\$000	\$000	\$000
(a) Sundry Operating Expenses comprise:				
Contract for Patient Services	4,763	3,621	3,621	
Isolated Patient Travel and Accommodation Assistance Scheme	2,583	2,485	2,485	
	7,346	6,106	6,106	
(b) General Expenses include:-				
Advertising	342	1,003	1,003	
Books, Magazines and Journals	155	266	266	
Consultancies				
- Operating Activities	717	1,578	1,578	
Courier and Freight	669	651	651	
Auditor's Remuneration - Audit of financial reports	303	290	290	
Auditor's Remuneration - Other Services	34	1	1	
Data Recording and Storage	83	21	21	
Legal Services	245	124	124	
Membership/Professional Fees	142	113	113	
Motor Vehicle Operating Lease Expense - minimum lease payments	3,973	4,495	4,495	
Other Operating Lease Expense - minimum lease payments	3,631	3,449	3,449	
Quality Assurance/Accreditation	249	192	192	
Security Services	2,677	1,164	1,164	
(c) Reconciliation Total Maintenance				
Maintenance expense - contracted labour and other (non employee related), included in Note 5	14,467	15,563	15,563	
Employee related/Personnel Services maintenance expense included in Notes 3 and 4	1,556	1,958	1,958	
Total maintenance expenses included in Notes 3, 4 and 5	16,023	17,521	17,521	
(d) Details of the allocations applied to Inter Area Patient Out Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:-				
Sydney South West	33,585	25,455	25,455	
South East Sydney Illawarra	14,195	11,686	11,686	
Sydney West	13,729	14,128	14,128	
Northern Sydney Central Coast	7,221	5,102	5,102	
Hunter New England	4,691	4,478	4,478	
North Coast	486	352	352	
Greater Southern	2,692	2,799	2,799	
Children's Hospital Westmead	9,623	7,388	7,388	
	86,222	71,338	71,338	
(e) Expenses for Interstate Patient Flows are as follows:-				
Australian Capital Territory	2,011	1,650	1,650	
Northern Territory	175	171	171	
Queensland	1,027	848	848	
South Australia	9,183	6,316	6,316	
Tasmania	(36)	31	31	
Victoria	9,648	8,108	8,108	
Western Australia	96	133	133	
	22,102	17,257	17,257	

Greater Western 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
6. Depreciation and Amortisation				
19,257	18,639	Depreciation - Buildings	19,257	18,639
5,514	5,286	Depreciation - Plant and Equipment	5,514	5,286
543	551	Depreciation - Infrastructure Systems	543	551
<u>25,314</u>	<u>24,476</u>		<u>25,314</u>	<u>24,476</u>
7. Grants and Subsidies				
3,247	3,168	Royal Flying Doctor Service	3,247	3,168
2,730	2,074	Housing and Supported Accommodation Initiative	2,730	2,074
803	890	Lyndon House	803	890
264	264	National Association for Loss and Grief	264	264
200	200	University of NSW Department of Rural Health	200	200
196	189	Central West Women's Health Centre	196	189
171	167	Yeoval Community Hospital	171	167
149	112	Weigelli Aboriginal Corporation	149	112
2,657	1,932	Other	2,657	1,932
<u>10,417</u>	<u>8,996</u>		<u>10,417</u>	<u>8,996</u>
8. Finance Costs				
151	110	Interest on Bank Overdrafts and Loans	151	110
7	1	Other Interest Charges	7	1
<u>158</u>	<u>111</u>	Total Finance Costs	<u>158</u>	<u>111</u>
9. Payments to Affiliated Health Organisations				
9,065	7,774	(a) Recurrent Sourced - Lourdes Hospital	9,065	7,774

Greater Western 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
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
722	638	Sale of Prosthesis	722	638
183	217	Pharmacy Sales	183	217
(b) Rendering of Services comprise the following:-				
47,319	47,227	Patient Fees [see note 2(d)]	47,319	47,227
675	837	Staff-Meals and Accommodation	675	837
8,922	7,136	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	8,922	7,136
7,172	7,685	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	7,172	7,685
22	31	Cafeteria/Kiosk	22	31
431	972	Clinical Services (excluding Clinical Drug Trials)	431	972
134	58	Commercial Activities	134	58
1	5	Enteral Nutrition Income	1	5
48	48	Fees for Medical Records	48	48
28	29	Information Retrieval	28	29
382	354	Meals on Wheels	382	354
23	59	PADP Patient Copayments	23	59
1,901	1,374	Patient Inflows from Interstate [see note (d) below]	1,901	1,374
177	173	Salary Packaging Fee	177	173
16	10	Services Provided to Non NSW Health Organisations	16	10
1,473	2,462	Other	1,473	2,462
69,629	69,315		69,629	69,315
(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:				
464	353	Sydney South West	464	353
452	426	South East Sydney Illawarra	452	426
2,381	3,112	Sydney West	2,381	3,112
656	526	Northern Sydney Central Coast	656	526
1,401	1,435	Hunter New England	1,401	1,435
230	232	North Coast	230	232
1,588	1,601	Greater Southern	1,588	1,601
7,172	7,685		7,172	7,685
(d) Revenues from Patient Inflows from Interstate are as follows:-				
257	69	Australian Capital Territory	257	69
3	20	Northern Territory	3	20
468	525	Queensland	468	525
318	209	South Australia	318	209
58	29	Tasmania	58	29
759	435	Victoria	759	435
38	87	Western Australia	38	87
1,901	1,374		1,901	1,374
11. Investment Revenue				
619	756	Interest	619	756
547	441	Lease and Rental Income	547	441
1,166	1,197		1,166	1,197

Greater Western 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
12. Grants and Contributions				
2,387	4,073	Commonwealth Government Grants	2,387	4,073
733	1,503	Industry Contributions/Donations	733	1,503
2,991	2,595	Cancer Institute Grants	2,991	2,595
1,288	133	NSW Government Grants	1,288	133
8,507	8,106	Personnel Services - Superannuation Defined Benefits	0	0
0	18	Research Grants	0	18
713	926	Other Grants	713	926
16,619	17,354		8,112	9,248
13. Other Revenue				
Other Revenue comprises the following:-				
3	1	Bad Debts recovered	3	1
67	20	Commissions	67	20
(34)	32	Conference and Training Fees	(34)	32
8	1,553	Discounts	8	1,553
48	(435)	Sale of Merchandise, Old Wares and Books	48	(435)
23	13	Sponsorship Income	23	13
4,173	6,013	Treasury Managed Fund Hindsight Adjustment	4,173	6,013
8	10	Unclaimed Deposits	8	10
2,322	2,274	Other	2,322	2,274
6,618	9,481		6,618	9,481
14. Gain/(Loss) on Disposal				
8,188	312	Property, Plant and Equipment	8,188	312
(7,478)	(235)	Less Accumulated Depreciation	(7,478)	(235)
710	77	Written Down Value	710	77
(638)	(71)	Less Proceeds from Disposal	(638)	(71)
(72)	(6)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(72)	(6)
(72)	(6)	Total Gain/(Loss) on Disposal	(72)	(6)
15. Other Gains/(Losses)				
(1,438)	(213)	Impairment of Receivables	(1,438)	(213)

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

PARENT AND CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	91	8	2,643	2,742
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	216	60	4,606	4,882
Total amount of unexpended contributions as at balance date	307	68	7,249	7,624

Comment on restricted assets appears in Note 23.

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

17. Service Groups of the Health Service

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Overnight Acute Inpatient Services

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

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

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

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

Service Group 2.3 - Same Day Acute Inpatient Services

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

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

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

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

Greater Western 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
18. Current Assets - Cash and Cash Equivalents				
Cash at Bank and on Hand	2,278	1,129	2,278	1,129
Short Term Deposits	8,067	6,310	8,067	6,310
	<u>10,345</u>	<u>7,439</u>	<u>10,345</u>	<u>7,439</u>
Cash & Cash Equivalent Assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:				
Cash and Cash Equivalents (per Balance Sheet)	10,345	7,439	10,345	7,439
Closing Cash and Cash Equivalents (per Cash Flow Statement)	<u>10,345</u>	<u>7,439</u>	<u>10,345</u>	<u>7,439</u>

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

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

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		19. Receivables		
		Current		
4,171	7,500	(a) Sale of Goods and Services	4,171	7,500
2,639	4,485	Goods and Services Tax	2,639	4,485
0	3,646	Other Debtors	0	3,646
5,703	5,341	- Capital (NSW Department of Health)	5,703	5,341
		- Other		
12,513	20,972	Sub Total	12,513	20,972
(862)	(388)	Less Allowance for Impairment	(862)	(388)
11,651	20,584	Sub Total	11,651	20,584
15	877	Prepayments	15	877
11,666	21,461		11,666	21,461
		(b) Movement in the Allowance for Impairment		
		Sale of Goods & Services		
132	651	Balance at 1 July	132	651
(964)	(732)	Amounts written off during the year	(964)	(732)
1,438	213	Increase/(decrease) in allowance recognised in	1,438	213
606	132	Result for the Year	606	132
		Balance at 30 June	606	132
		(c) Movement in the Allowance for Impairment		
		Other Debtors		
256	272	Balance at 1 July	256	272
0	(16)	Amounts written off during the year	0	(16)
0	0	Increase/(decrease) in allowance recognised in	0	0
256	256	Result for the Year	256	256
		Balance at 30 June	256	256
862	388		862	388
		(d) Sale of Goods and Services Receivables include:		
483	644	Patient Fees - Compensable	483	644
57	62	Patient Fees - Ineligible	57	62
3,308	3,849	Patient Fees - Other	3,308	3,849
3,848	4,555		3,848	4,555

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

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

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
20. Inventories				
Current - at Cost (Held for Distribution)				
1,435	1,129	Drugs	1,435	1,129
875	861	Medical and Surgical Supplies	875	861
0	11	Food and Hotel Supplies	0	11
<u>1,134</u>	<u>957</u>	Other including Goods in Transit	<u>1,134</u>	<u>957</u>
<u>3,444</u>	<u>2,958</u>		<u>3,444</u>	<u>2,958</u>

Greater Western 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
21. Property, Plant and Equipment				
		Land and Buildings - Fair Value		
981,284	1,016,149	Gross Carrying Amount	981,284	1,016,149
<u>(479,095)</u>	<u>(541,796)</u>	Less Accumulated Depreciation and Impairment	<u>(479,095)</u>	<u>(541,796)</u>
<u>502,189</u>	<u>474,353</u>	Net Carrying Amount	<u>502,189</u>	<u>474,353</u>
		Plant and Equipment - Fair Value		
78,113	78,336	Gross Carrying Amount	78,113	78,336
<u>(50,553)</u>	<u>(51,939)</u>	Less Accumulated Depreciation and Impairment	<u>(50,553)</u>	<u>(51,939)</u>
<u>27,560</u>	<u>26,397</u>	Net Carrying Amount	<u>27,560</u>	<u>26,397</u>
		Infrastructure Systems - Fair Value		
25,307	24,914	Gross Carrying Amount	25,307	24,914
<u>(14,060)</u>	<u>(14,738)</u>	Less Accumulated Depreciation and Impairment	<u>(14,060)</u>	<u>(14,738)</u>
<u>11,247</u>	<u>10,176</u>	Net Carrying Amount	<u>11,247</u>	<u>10,176</u>
<u>540,996</u>	<u>510,926</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>540,996</u>	<u>510,926</u>

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

PARENT AND CONSOLIDATION

21. Property, Plant and Equipment (continued)

Reconciliations

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2009						
Net Carrying amount at start of year	14,600	431,439	28,314	26,397	10,176	510,926
Additions	0	0	36,511	6,699	173	43,383
Recognition of Assets Held for Sale	(590)	(5,789)	0	0	(77)	(6,456)
Disposals	(207)	(481)	0	(22)	0	(710)
Net revaluation increment less revaluation decrements recognised in reserves	312	17,337	0	0	1,518	19,167
Depreciation expense	0	(19,257)	0	(5,514)	(543)	(25,314)
Reclassifications	0	2,274	(2,274)	0	0	0
Net Carrying amount at end of year	14,115	425,523	62,551	27,560	11,247	540,996

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2008						
Net Carrying amount at start of year	15,640	308,584	90,230	23,794	8,036	446,284
Additions	0	0	37,862	7,966	788	46,616
Recognition of Assets Held for Sale	(432)	(747)	0	0	(1)	(1,180)
Disposals	0	0	0	(77)	0	(77)
Net revaluation increment less revaluation decrements recognised in reserves	(608)	43,251	0	0	1,116	43,759
Depreciation expense	0	(18,639)	0	(5,286)	(551)	(24,476)
Reclassifications	0	98,990	(99,778)	0	788	0
Net Carrying amount at end of year	14,600	431,439	28,314	26,397	10,176	510,926

- (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 Consultants (Registered Valuers) on 30 June 2009 [see note 2(j)]. AON Valuation Consultants are not employees of the Health Service.

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

PARENT

2009 2008
 \$000 \$000

22. Non-Current Assets Held for Sale

Assets Held for Sale
 Land and Buildings
 Infrastructure Systems

7,557 1,179
 78 1

7,635 1,180

CONSOLIDATION

2009 2008
 \$000 \$000

7,557 1,179
 78 1

7,635 1,180

Non-current assets held for sale include assets indicated by the Department of Health and reflected in the State Budget as being expected to be sold in 2009/10.

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

	PARENT	2009	2008	2009	2008
		\$000	\$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					
6,988 Specific Purposes	6,622	6,988	6,988	6,622	6,988
282 Private Practice Funds	1,001	282	282	1,001	282
	<u>7,623</u>	<u>7,270</u>	<u>7,270</u>	<u>7,623</u>	<u>7,270</u>
CONOLIDATION					

Greater Western Area Health Service
Notes to and forming part of the Financial Statements
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PARENT

CONSOLIDATION

24. Payables	2009 \$000	2008 \$000
Current		
Accrued Salaries and Wages	11,552	12,766
Taxation and Payroll Deductions	5,650	19,705
Accrued Liability - Purchase of Personnel Services	0	0
Creditors	50,641	52,597
Interest	0	(4)
Other Creditors		
- Capital Works	1,649	6,189
- Intra Health Liability	2,901	6,688
	<u>72,393</u>	<u>97,941</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.

25. Borrowings

Current	2009 \$000	2008 \$000
Other Loans and Deposits	5,318	300
	<u>5,318</u>	<u>300</u>
Non Current		
Other Loans and Deposits	16,455	1,012
	<u>16,455</u>	<u>1,012</u>
<p>Other loans still to be extinguished represent monies to be repaid to the Sustainable Energy Development Authority and the Department of Health. Final Repayment is scheduled for 30 June 2012</p>		
Repayment of Borrowings (excluding Finance Leases)		
Not later than one year	5,318	300
Between one and five years	16,455	1,012
Total Borrowings at face value (excluding Finance Leases)	<u>21,773</u>	<u>1,312</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.

Greater Western Area Health Service
Notes to and forming part of the Financial Statements
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	PARENT		CONSOLIDATION
	2009	2008	2009
	\$000	\$000	\$000
26. Provisions			
Current Employee Benefits and Related On-costs			
Annual Leave - Short Term Benefit	0	0	28,093
Annual Leave - Long Term Benefit	0	0	17,115
Long Service Leave - Short Term Benefit	0	0	6,199
Long Service Leave - Long Term Benefit	0	0	56,315
Sick Leave	0	0	615
Provision for Personnel Services Liability	113,720	108,337	0
Total Current Provisions	113,720	108,337	108,337
Non-Current Employee Benefits and Related On-costs			
Long Service Leave - Conditional	0	0	5,298
Provision for Personnel Services Liability	5,653	5,298	0
Total Non Current Provisions	5,653	5,298	5,298
Aggregate Employee Benefits and Related On-costs			
Provisions - Current	113,720	108,337	108,337
Provisions - Non-Current	5,653	5,298	5,298
Accrued Salaries and Wages and On-costs (Note 24)	0	0	32,416
Accrued Liability - Purchase of Personnel Services (Note 24)	17,202	32,416	0
	136,575	146,051	146,051

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

PARENT	2009	2008	2009	2008	2008
	\$000	\$000	\$000	\$000	\$000
27. Other Liabilities					
Current					
Income in Advance	891	207	891	207	207
	<u>891</u>	<u>207</u>	<u>891</u>	<u>207</u>	<u>207</u>

In June 2009 the following amounts were received as income in advance:

Building Healthy Communities	\$000
MHS Positive Connections	522
	148

This funding is expected to be expensed in the 2009/10 year.

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

28. Equity	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at the Beginning of the Financial Year	179,321	202,314	151,548	107,789	330,869	310,103
Result for the Year	9,620	(22,993)	0	0	9,620	(22,993)
Increment/(Decrement) on Revaluation of:						
Land and Buildings	0	0	17,649	42,643	17,649	42,643
Plant and Equipment	0	0	0	0	0	0
Infrastructure Systems	0	0	1,518	1,116	1,518	1,116
Total	9,620	(22,993)	19,167	43,759	28,787	20,766
Balance at the End of the Financial Year	188,941	179,321	170,715	151,548	359,656	330,869

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

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

PARENT

2009
\$000

2008
\$000

29. Commitments for Expenditure

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:

8,569
64,110
492,784

29,009
62,692
509,968

Not Later than One Year
Later than One Year and Not Later than Five Years
Later than Five Years

8,569
64,110
492,784

29,009
62,692
509,968

565,463

601,669

Total Capital Expenditure Commitments (including GST)

601,669

Of the commitments reported at 30 June 2009 it is expected that \$0.446 million will be met from locally generated moneys.

(b) Other Expenditure Commitments

Aggregate other expenditure contracted for Facility Management Services and other non-Clinical Services (under the Public Private Partnership (PPP) Agreement) contracted for at balance date and not provided for:

21,464
105,019
943,687

15,391
100,134
970,036

Not Later than One Year
Later than One Year and Not Later than Five Years
Later than Five Years

21,464
105,019
943,687

15,391
100,134
970,036

1,070,170

1,085,561

Total Other Expenditure Commitments (including GST)

1,085,561

(c) Operating Lease Commitments

Commitments in relation to non-cancellable operating leases are payable as follows:

6,471
6,165
87

11,203
8,140
26

Not Later than One Year
Later than One Year and Not Later than Five Years
Later than Five Years

6,471
6,165
87

11,203
8,140
26

12,723

19,369

Total Operating Lease Commitments (including GST)

19,369

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

CONSOLIDATION

2009
\$000

2008
\$000

29. Commitments for Expenditure

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:

8,569
64,110
492,784

29,009
62,692
509,968

Not Later than One Year
Later than One Year and Not Later than Five Years
Later than Five Years

8,569
64,110
492,784

29,009
62,692
509,968

565,463

601,669

Total Capital Expenditure Commitments (including GST)

601,669

Of the commitments reported at 30 June 2009 it is expected that \$0.446 million will be met from locally generated moneys.

(b) Other Expenditure Commitments

Aggregate other expenditure contracted for Facility Management Services and other non-Clinical Services (under the Public Private Partnership (PPP) Agreement) contracted for at balance date and not provided for:

21,464
105,019
943,687

15,391
100,134
970,036

Not Later than One Year
Later than One Year and Not Later than Five Years
Later than Five Years

21,464
105,019
943,687

15,391
100,134
970,036

1,070,170

1,085,561

Total Other Expenditure Commitments (including GST)

1,085,561

(c) Operating Lease Commitments

Commitments in relation to non-cancellable operating leases are payable as follows:

6,471
6,165
87

11,203
8,140
26

Not Later than One Year
Later than One Year and Not Later than Five Years
Later than Five Years

6,471
6,165
87

11,203
8,140
26

12,723

19,369

Total Operating Lease Commitments (including GST)

19,369

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

Greater Western Area Health Service
Notes to and forming part of the Financial Statements
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29. Commitments for Expenditure (Continued)

The total of Commitments for expenditure above (in (a), (b) and (c)), i.e. \$1.648 billion as at the 30 June 2009 includes input tax credits of \$150 million that are expected to be recoverable from the Australian Taxation Office.

Total capital and other expenditure commitments (in (a) and (b)) above include the Public Private Partnership (PPP) arrangement as follows:

In November 2007, a private sector company, Pinnacle Healthcare (OAHS) Pty Limited, was engaged to finance, design and construct the new Orange Hospital and new health facilities including Orange Tertiary Mental Health, Radiotherapy Unit, expanded Oral Health and Bloodbank Units. Pinnacle will refurbish existing buildings and provide facilities management and delivery of ancillary non-clinical services for these hospital facilities and the new Bathurst Hospital under a Project Deed. Provision of facilities maintenance commenced in April 2007. Provision of other non-clinical support services commenced in November 2008. The new development will be completed in stages and full service commissioning is anticipated in 2011.

When construction is completed, the Greater Western Area Health Service (GWAHS) will operate and recognise the new Orange Hospital, Orange Tertiary Mental Health and refurbished facilities as an asset of \$162.1 M, and the Radiotherapy/expanded Oral/Bloodbank Units at \$11.6 M. The basis for the accounting treatment is that services will be delivered by GWAHS for the duration of the term until December 2035.

In addition, GWAHS will recognise the liability to Pinnacle Healthcare, payable over the period to 2035 for the construction of the new Orange Hospital, Orange Tertiary Mental Health and refurbished facilities. As the value of this payable can not yet be determined, a contingent liability has been recognised in Note 31.

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

PARENT AND CONSOLIDATION

30. Trust Funds

The Health Service holds trust fund moneys of \$1,574 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the Health Service cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the Beginning of the Financial Reporting Period	315	317	522	397	730	619	1,567	1,333
Receipts	353	389	1,008	542	6,396	8,078	7,757	9,008
Expenditure	(346)	(391)	(725)	(417)	(6,679)	(7,967)	(7,750)	(8,775)
Cash Balance at the End of the Financial Reporting Period	322	315	805	522	447	730	1,574	1,566

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

PARENT AND CONSOLIDATED

31. Contingent Liabilities

a) Claims on Managed Fund

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

b) Workers Compensation Hindsight Adjustment

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

c) Affiliated Health Organisations

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

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

d) Orange and Associated Health Services PPP

The liability to pay Pinnacle Healthcare for the development of the Orange Hospital and health facilities is based on a financing arrangement involving CPI indexed annuity bond. An interest rate adjustment will be made in accordance with CPI index over the project term. The estimated value of the contingent liability is unable to be fully determined due to the uncertainty of future events.

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

	PARENT	CONSOLIDATION
	2009	2008
	\$000	\$000
32. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services		
Net Cash Flows from Operating Activities	28,789	57,183
Depreciation	(25,314)	(24,476)
Provision for Doubtful Debts	(1,438)	(213)
Acceptance by the Crown Entity of Employee Superannuation Benefits (Increase)/ Decrease in Provisions	0	0
Increase / (Decrease) in Prepayments and Other Assets	9,449	(23,972)
(Increase)/ Decrease in Creditors	(2,069)	6,252
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	3,979	(41,407)
(NSW Health Department Recurrent Allocations)	(72)	(6)
(NSW Health Department Capital Allocations)	(672,547)	(560,463)
	(38,088)	(50,229)
	<u>(697,311)</u>	<u>(637,331)</u>
	<u>(705,818)</u>	<u>(645,437)</u>

33. 2008/09 Voluntary Services

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

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

Greater Western Area Health Service
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATED

34. Unclaimed Moneys

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

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

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

35. Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services was higher than budget by \$34.958 million. This overspend to budget is largely a result of increases experienced in Visiting Medical Officers (VMO's), Overtime, Salary and Wages and Goods and Services costs. These costs have been driven by increases in staff numbers, non achievement of efficiency targets, increase in contract commitments, greater reliance on locums/VMO's and increases in unplanned Activity.

Result for the Year

The result for the year was a surplus of \$9.620 million. This is a result of additional supplementation received from the Department of Health.

Assets and Liabilities

Total assets were higher than budget primarily due to Asset Revaluation adjustments applied to Land, Buildings and Infrastructure Assets.

Creditors have reduced in comparison with 30 June 2008. This is largely due to cash assistance received from the Department of Health in 2008/09. Discounting this creditors have increased and this has had a direct relationship with our liquidity levels. This will receive significant attention in 2009/10.

Cash Flows

Cash Flow position is higher than budget primarily due to an increase in investing activities associated with SP&T funds, and an increase in outstanding creditors. (See liabilities above)

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation on 29 June 2008 are as follows:

	\$000
Initial Allocation, 29 June 2008	539,524
Award Increases	7,444
Special Projects:	
Aboriginal Health	2,274
Drug & Alcohol	1,532
Mental Health	1,015
Rollovers	679
Housing for Health	656
High Cost Drugs	480
AIDS	52
Other:	
Inter Area Flows (Net)	79,050
Financial Assistance	10,150
Interstate Flows (Net)	6,901
Non Cash Adjustment	6,066
Mini Budget Efficiency Adj	3,475
VMO Increases	1,601
Voluntary Redundancy	1,572
Nurse/Midwife Strategy	1,471
Capital Resource Distribution	984
Regional VMO Funding	620
Health Promotion Type Enhancements	570
Enhancement of Effort Funding	553
Obstetric & Anaesthetic Incentive Grants	442
Expansion Broken Hill Dialysis	302
National Womens Hlth	262
Clinical Services Redesign	240
PADP	224
Compacs	190
GP Procedural Training	186
Home Ventilation Program	169
Aged Care Assessment Program	163
Long Stay Patient Initiative	140
Biopreparedness Officers	100
Treasury Managed Fund	(780)
Miscellaneous Adjustments	4,240
Balance as per Operating Statement	<u>672,547</u>

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

36. Financial Instruments

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

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

a) Financial Instrument Categories

PARENT AND CONSOLIDATED

		Total Carrying Amounts as per the Balance Sheet	
		2009 \$000	2008 \$000
Financial Assets			
Class:	Category		
Cash and Cash Equivalents (note 18)	N/A	10,345	7,439
Receivables (note 19) ¹	Loans and receivables (at amortised cost)	9,012	16,099
Total Financial Assets		<u><u>19,357</u></u>	<u><u>23,538</u></u>
Financial Liabilities			
Borrowings (note 25)	Financial liabilities measured at	21,773	1,312
Payables (note 24) ²	amortised cost	72,393	97,941
Total Financial Liabilities		<u><u>94,166</u></u>	<u><u>99,253</u></u>

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)

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

36. Financial Instruments (continued)

b) Credit Risk

Credit risk arises when there is the possibility of the Area Health Service's debtors defaulting on their contractual obligations, resulting in a financial loss to the Area 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 Area 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 Area Health Services's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

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 7% in 2008/09 compared to 8% in the previous year.

Receivables - Trade Debtors

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

The Area 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:\$5,456,000; 2008: \$9,275,000) and not more than 3 months past due (2009: \$2,078,000; 2008:\$3,427,000) are not considered impaired and together these represent 84% 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 Area 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		
	Total	Past Due but Not Impaired	Considered Impaired
2009			
<3 months overdue	2,078	2,078	0
3 months - 6 months overdue	1,031	617	414
> 6 months overdue	448	0	448
2008			
<3 months overdue	3,427	3,427	0
3 months - 6 months overdue	2,459	2,459	0
> 6 months overdue	388	0	388

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

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

36. Financial Instruments (continued)

c) Liquidity Risk

Liquidity risk is the risk that the Area Health Service will be unable to meet its payment obligations when they fall due. The Area 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 Area 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 Area 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 Western 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 as soon as possible 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 Area Health Service's financial liabilities together with the interest rate exposure.

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

36. Financial Instruments (continued)

c) Liquidity risk (continued)

Maturity Analysis and Interest Rate Exposure of Financial Liabilities

	Interest Rate Exposure		Maturity Dates		Weighted Average Effective Int Rate
	Fixed Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	
	\$000	\$000	\$000	\$000	%
2009					
Payables:					
Accrued Salaries	0	11,552	11,552	0	0
Wages and Payroll Deductions	0	5,650	5,650	0	0
Creditors	0	55,191	55,191	0	0
Borrowings:					
Other Loans and Deposits	45	21,728	5,006	16,767	0
	45	94,121	77,399	16,767	0
2008					
Payables:					
Accrued Salaries	0	12,766	12,766	0	0
Wages and Payroll Deductions	0	19,705	19,705	0	0
Creditors	0	65,470	65,470	0	0
Borrowings:					
Other Loans and Deposits	59	1,253	300	1,012	0
	59	99,194	98,241	1,012	0

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.

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

36. Financial Instruments (continued)

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 Area Health Service's exposures to market risk are primarily through interest rate risk on the Area Health Service's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Area 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 Area 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, Area Health Services are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted). Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. For financial instruments a reasonably possible change of +/-1% is consistent with trends in interest. The Area Health Service's exposure to interest rate risk is set out below.

	Carrying Amount \$000	-1% Profit \$000	-1% Equity \$000	+1% Profit \$000	+1% Equity \$000
2009					
Financial Assets					
Cash and Cash Equivalents	10,345	(103)	(103)	103	103
Receivables ¹	9,012	0	0	0	0
Financial Liabilities					
Payables	(72,393)	0	0	0	0
Borrowings	(21,773)	0	0	0	0
2008					
Financial Assets					
Cash and Cash Equivalents	7,439	(75)	(75)	75	74
Receivables ¹	16,099	0	0	0	0
Financial Liabilities					
Payables	(97,941)	0	0	0	0
Borrowings	(1,312)	0	0	0	0

¹ Excludes statutory receivables and prepayments (ie not within scope of AASB7)