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GPO BOX 12  
Sydney NSW 2001

**INDEPENDENT AUDITOR'S REPORT**

**RECEIVED**

**Greater Southern Area Health Service**

**27 SEP 2010**

**FILE COPY**

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Greater Southern Area Health Service (the Service), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows 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 statements:

- present fairly, in all material respects, the financial position of the Service and the consolidated entity as at 30 June 2010, and of the financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

**Chief Executive's Responsibility for the Financial Statements**

The Chief Executive is responsible for the preparation and fair presentation of the financial statements 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 statements that are 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 statements 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 statements are free from material misstatement.

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

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

### 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
- 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.



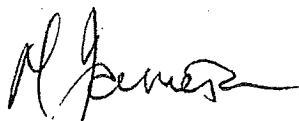
Peter Achterstraat  
Auditor-General

21 September 2010  
SYDNEY

## **Certification of Parent/Consolidated Financial Statements for period Ended 30 June 2010**

The attached financial statements of the Greater Southern Area Health Service for the year ended 30 June 2010:

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



Dr Maggie Jamieson  
**Acting Chief Executive  
Greater Southern Area Health  
Service**  
17<sup>th</sup> September 2010



Ms Angela Edwards  
**Director, Financial Operations  
Greater Southern Area Health  
Service**  
17<sup>th</sup> September 2010



Greater Southern Area Health Service  
Statement of Financial Position as at 30 June 2010

PARENT				CONSOLIDATION			
Actual	Budget	Actual	Notes	Actual	Budget	Actual	
2010	2010	2009		2010	2010	2009	
\$000	\$000	\$000		\$000	\$000	\$000	
<b>ASSETS</b>							
<b>Current Assets</b>							
10,432	33,788	11,006	Cash and Cash Equivalents	18	10,432	33,788	11,006
19,042	2,880	10,998	Receivables	19	19,042	2,880	10,998
1,390	1,248	3,648	Inventories	20	1,390	1,248	3,648
3,254	4,051	4,051	Non Current Assets Held for Sale	22	3,254	4,051	4,051
<b>34,118</b>	<b>41,967</b>	<b>29,703</b>	<b>Total Current Assets</b>		<b>34,118</b>	<b>41,967</b>	<b>29,703</b>
<b>Non-Current Assets</b>							
656	710	710	Receivables	19	656	710	710
<b>Property, Plant and Equipment</b>							
418,957	542,499	558,498	- Land and Buildings	21	418,957	542,499	558,498
24,930	29,562	23,951	- Plant and Equipment	21	24,930	29,562	23,951
7,486	7,885	7,885	- Infrastructure Systems	21	7,486	7,885	7,885
451,373	579,946	590,334	Total Property, Plant and Equipment		451,373	579,946	590,334
<b>452,029</b>	<b>580,656</b>	<b>591,044</b>	<b>Total Non-Current Assets</b>		<b>452,029</b>	<b>580,656</b>	<b>591,044</b>
<b>486,147</b>	<b>622,623</b>	<b>620,747</b>	<b>Total Assets</b>		<b>486,147</b>	<b>622,623</b>	<b>620,747</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
55,662	46,201	53,989	Payables	24	55,662	46,201	53,989
20,478	12,612	21,719	Borrowings	25	20,478	12,612	21,719
105,954	112,050	110,286	Provisions	26	105,954	112,050	110,286
<b>182,094</b>	<b>170,863</b>	<b>185,994</b>	<b>Total Current Liabilities</b>		<b>182,094</b>	<b>170,863</b>	<b>185,994</b>
<b>Non-Current Liabilities</b>							
21,628	22,734	19,510	Borrowings	25	21,628	22,734	19,510
4,875	10,714	4,919	Provisions	26	4,875	10,714	4,919
<b>26,503</b>	<b>33,448</b>	<b>24,429</b>	<b>Total Non-Current Liabilities</b>		<b>26,503</b>	<b>33,448</b>	<b>24,429</b>
<b>208,597</b>	<b>204,311</b>	<b>210,423</b>	<b>Total Liabilities</b>		<b>208,597</b>	<b>204,311</b>	<b>210,423</b>
<b>277,550</b>	<b>418,312</b>	<b>410,324</b>	<b>Net Assets</b>		<b>277,550</b>	<b>418,312</b>	<b>410,324</b>
<b>EQUITY</b>							
169,962	163,755	254,558	Reserves		169,962	163,755	254,558
107,588	254,557	155,766	Accumulated Funds		107,588	254,557	155,766
<b>277,550</b>	<b>418,312</b>	<b>410,324</b>	<b>Total Equity</b>		<b>277,550</b>	<b>418,312</b>	<b>410,324</b>

The accompanying notes form part of these financial statements.

**Greater Southern Area Health Service**  
**Statement of Changes in Equity for the Year Ended 30 June 2010**

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2009</b>		155,766	254,558	410,324
<b>Result For The Year</b>		(1,653)	-	(1,653)
<b>Other Comprehensive Income</b>				
Net Increase/(Decrease) in Property, Plant & Equipment Available for Sale Financial Assets		-	(55,717)	(55,717)
-Valuation Gains/(Losses)		-	-	-
-Transfers on administration restructure		28,879	(28,879)	-
-Changes in Restoration Liability		-	-	-
-Other (Administration Restructure)		-	-	-
<b>Total Other Comprehensive Income</b>		<u>28,879</u>	<u>(84,596)</u>	<u>(55,717)</u>
<b>Total Comprehensive Income For The Year</b>		<u>27,226</u>	<u>(84,596)</u>	<u>(57,370)</u>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	36	(75,404)	-	(75,404)
<b>Balance at 30 June 2010</b>		<u><u>107,588</u></u>	<u><u>169,962</u></u>	<u><u>277,550</u></u>
<b>Balance at 1 July 2008</b>		176,108	210,628	386,736
<b>Result For The Year</b>		(20,065)	-	(20,065)
<b>Other Comprehensive Income</b>				
Net Increase/(Decrease) in Property, Plant & Equipment Available for Sale Financial Assets		-	43,930	43,930
-Valuation Gains/(Losses)		-	-	-
-Transfers on Disposal		-	-	-
-Changes in Restoration Liability		-	-	-
-Other (Administration Restructure)		-	-	-
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>43,930</u>	<u>43,930</u>
<b>Total Comprehensive Income For The Year</b>		<u>(20,065)</u>	<u>43,930</u>	<u>23,865</u>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease in Net Assets From Equity Transfers		(277)	-	(277)
<b>Balance at 30 June 2009</b>		<u><u>155,766</u></u>	<u><u>254,558</u></u>	<u><u>410,324</u></u>

The accompanying notes form part of these financial statements.

Greater Southern Area Health Service  
Statement of Cash Flows for the year ended 30 June 2010

PARENT				CONSOLIDATION		
Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000	Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Payments						
(385,910)	(368,788)	(442,561)	Employee Related	(385,910)	(368,788)	(442,561)
(1,791)	(1,701)	(2,706)	Grants and Subsidies	(1,791)	(1,701)	(2,706)
(2,115)	(1,776)	(1,697)	Finance Costs	(2,115)	(1,776)	(1,697)
(523,107)	(508,032)	(450,693)	Other	(523,107)	(508,032)	(450,693)
<b>(912,923)</b>	<b>(880,297)</b>	<b>(897,657)</b>	<b>Total Payments</b>	<b>(912,923)</b>	<b>(880,297)</b>	<b>(897,657)</b>
Receipts						
106,356	125,039	120,475	Sale of Goods and Services	106,356	125,039	120,475
1,687	1,236	1,802	Interest Received	1,687	1,236	1,802
18,773	16,986	17,912	Other	18,773	16,986	17,912
<b>126,816</b>	<b>143,261</b>	<b>140,189</b>	<b>Total Receipts</b>	<b>126,816</b>	<b>143,261</b>	<b>140,189</b>
Cash Flows From Government						
795,933	795,933	740,882	NSW Department of Health Recurrent Allocations	795,933	795,933	740,882
6,080	7,079	1,938	NSW Department of Health Capital Allocations	6,080	7,079	1,938
Asset Sale Proceeds transferred to the NSW Department of Health						
Cash Reimbursements from the Crown Entity						
<b>802,013</b>	<b>803,012</b>	<b>742,820</b>	<b>Net Cash Flows from Government</b>	<b>802,013</b>	<b>803,012</b>	<b>742,820</b>
<b>15,906</b>	<b>65,976</b>	<b>(14,648)</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>15,906</b>	<b>65,976</b>	<b>(14,648)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
531	-	186	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	531	-	186
(9,346)	(31,807)	(6,021)	Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems	(9,346)	(31,807)	(6,021)
			Purchases of Investments			
<b>(8,815)</b>	<b>(31,807)</b>	<b>(5,835)</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(8,815)</b>	<b>(31,807)</b>	<b>(5,835)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
-	-	25,913	Proceeds from Borrowings and Advances	-	-	25,913
(7,665)	(4,112)	(3,250)	Repayment of Borrowings and Advances	(7,665)	(4,112)	(3,250)
<b>(7,665)</b>	<b>(4,112)</b>	<b>22,663</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(7,665)</b>	<b>(4,112)</b>	<b>22,663</b>
(574)	30,057	2,180	<b>NET INCREASE / (DECREASE) IN CASH</b>	(574)	30,057	2,180
11,006	3,731	8,826	Opening Cash and Cash Equivalents	11,006	3,731	8,826
-	0	0	Cash Transferred in/(out) as a result of administrative restructuring			
<b>10,432</b>	<b>33,788</b>	<b>11,006</b>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>10,432</b>	<b>33,788</b>	<b>11,006</b>

The accompanying notes form part of these financial statements.

Greater Southern Area Health Service  
Service Group Statements  
for the Year Ended 30 June 2010

SERVICE'S EXPENSES AND INCOME	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Non Attributable		Total					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	\$000	\$000	2010	2009		
Expenses excluding losses																												
Operating Expenses	59,627	40,422	6,845	2,507	22,241	14,617	18,516	47,942	122,761	191,598	28,758	40,035	59,354	40,722	49,640	51,387	18,752	8,980	14,525	2,372								
Employee Related	6,989	968	290	1	4,988	331	2,260	6,223	15,829	31,993	3,640	6,269	9,959	5,810	5,189	9,969	993	136	961	75								
Visiting Medical Officers	42,282	30,197	2,198	1,612	9,475	7,600	27,095	21,840	231,791	217,570	56,297	47,065	45,099	14,896	39,761	29,392	8,252	6,588	1,209	924								
Other Operating Expenses	2,186	2,398	96	106	506	561	1,301	1,409	10,440	12,362	2,708	2,831	2,207	862	1,308	1,659	419	390	48	59								
Depreciation and Amortisation	129	927	58	136	3	25	9	72	91	794	20	158	15	235	1,419	143	47	126		90								
Grants and Subsidies	208	172	10	8	43	36	115	95	1,137	935	233	191	180				36	30	6	5								
Finance Costs	1																											
Payments to Affiliated Health Organisations																												
Other Expenses																												
Total Expenses excluding losses	111,432	75,058	9,497	4,369	37,237	23,165	49,206	77,561	382,049	455,112	91,656	96,520	117,898	62,525	106,311	100,293	28,499	16,305	16,749	3,524								
Revenue																												
Sale of Goods and Services	1,979	1,383	90	62	1,012	1,078	6,588	5,855	63,611	64,354	15,008	11,839	3,564	699	29,323	35,039	254	222	35	33								
Investment Revenue	207	201	6	5	32	116	67	209	764	863	155	232	285				26	33	6	4								
Grants and Contributions	600	544	18	210	693	741	197	282	3,623	4,023	742	821	499	235	941	1,127	4,759	2,187	312	401								
Other Revenue	171	222	6	7	95	130	210	298	1,837	2,542	354	507	116	40	384	463	31	51	17	17								
Total Revenue	2,957	2,350	120	284	1,832	2,065	7,057	6,624	69,835	71,782	16,239	13,399	4,664	974	30,786	36,769	5,070	2,493	370	455								
Gain / (Loss) on Disposal	21		1	36	4	36	10	36	112		23		16		14		4			1								
Other Gains / (Losses)	(157)		(8)	(518)	(32)	(518)	(75)	(517)	(822)		(166)		(136)		(106)		(27)		(4)									
Net Cost of Services	108,611	72,708	9,384	4,567	35,453	21,582	42,214	71,418	312,934	389,330	75,540	89,121	113,552	61,551	75,617	63,524	23,452	13,812	16,382	3,069								
Government Contributions																												
RESULT FOR THE YEAR	(108,611)	(72,708)	(9,384)	(4,567)	(35,453)	(21,582)	(42,214)	(71,418)	(312,924)	(389,330)	(75,540)	(83,121)	(113,552)	(61,551)	(75,617)	(63,524)	(23,452)	(13,812)	(16,382)	(3,069)								
Other Comprehensive Income																												
Increase/(Decrease) in Asset Revaluation Reserve																												
Other	(5,704)		(282)	14,644	(1,150)	14,643	(2,712)	14,643	(29,881)		(6,044)		(4,936)		(3,853)		(999)		(156)									
Total Other Comprehensive Income	(5,704)		(282)	14,644	(1,150)	14,643	(2,712)	14,643	(29,881)		(6,044)		(4,936)		(3,853)		(999)		(156)									
TOTAL COMPREHENSIVE INCOME	(114,315)	(72,708)	(9,666)	(1,077)	(36,603)	(6,939)	(44,926)	(56,775)	(342,805)	(393,330)	(81,584)	(83,121)	(118,488)	(61,551)	(79,470)	(69,524)	(24,451)	(13,812)	(16,539)	(3,069)								

Service Group Statements focus on the key measures of service delivery performance.

\* The name and purpose of each Service Group is summarised in Note 17.

The Service Group Statement uses statistical data to 31 December 2009 to allocate the current period's financial information on Expenses and Income to each Service Group. No changes have occurred during the period between 1 January 2010 and 30 June 2010 which would materially impact this allocation.



Greater Southern Area Health Service  
Service Group Statements  
for the Year Ended 30 June 2010

	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 *		Non Attributable		Total					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	\$000	\$000	\$000	\$000		
<b>SERVICE'S ASSETS AND LIABILITIES</b>																												
<b>ASSETS</b>																												
Current Assets	1,220	957	56	409	296	982	4,195	5,191	1,006	1,174	1,294	824	1,167	1,274	313	208	184	44							10,432	11,006		
Cash and Cash Equivalents	406	194	18	23	172	503	9,582	5,695	2,231	1,028	613	83	4,225	9,058	696	204	51	38							19,042	10,998		
Receivables	127	340	7	18	86	234	696	1,907	169	482	136	177	117	319	25	74	4	11							1,391	3,648		
Inventories																												
Financial Assets at Fair Value																												
Other Financial Assets																												
Other																												
Non-Current Assets Held for Sale	335	403	15	18	94	236	1,601	2,077	415	476	338	394	201	279	64	65	7	9						3,254	4,051			
Total Current Assets	2,088	1,894	144	115	766	1,791	15,555	16,074	3,821	3,160	2,381	1,478	5,710	4,990	1,098	551	246	102						34,119	29,702			
Non-Current Assets	17	13	1	2	11	40	32	280	367	65	66	5	180	197	34	14	2	3							656	710		
Receivables																												
Financial Assets at Fair Value	43,159	55,547	1,889	2,455	9,981	12,996	25,685	32,491	206,313	53,475	65,573	49,581	25,835	38,423	8,278	9,014	939	1,355						418,957	558,498			
Other Financial Assets	2,568	2,982	112	105	594	557	1,528	1,993	3,182	2,812	2,593	2,390	1,537	1,648	493	387	56	59						24,229	23,951			
Property, Plant and Equipment	771	784	34	35	178	183	3,683	4,042	956	926	779	767	462	542	148	127	17	20						7,487	7,865			
- Land and Buildings																												
- Plant and Equipment																												
- Infrastructure Systems																												
Intangible Assets																												
Other																												
Total Non-Current Assets	46,515	58,726	2,096	2,597	10,764	13,747	27,712	34,375	222,364	309,000	57,678	46,979	28,014	40,810	8,953	9,542	1,014	1,437						452,029	591,044			
Total Assets	48,603	60,620	2,180	2,712	11,590	14,395	29,503	36,530	238,438	317,870	61,499	72,537	33,724	45,740	10,051	10,093	1,260	1,539						486,148	620,747			
<b>LIABILITIES</b>																												
Current Liabilities	5,054	5,037	266	269	1,129	3,263	3,462	3,462	27,856	28,234	6,741	7,130	4,737	4,715	997	1,098	146	154							55,662	59,989		
Payables	2,396	1,888	205	110	801	1,064	1,937	1,937	8,293	10,244	1,971	2,517	2,289	2,514	615	410	361	89							20,479	21,719		
Borrowings	15,969	10,101	1,833	627	5,956	3,652	4,959	11,980	32,878	47,876	7,702	10,004	13,295	12,841	5,022	2,244	3,890	593							105,954	110,266		
Provisions																												
Other	23,419	17,028	2,304	1,006	7,886	5,502	9,286	17,373	68,967	86,354	16,414	19,451	20,315	20,070	6,634	3,752	4,397	836						182,095	185,954			
Total Current Liabilities	2,531	1,696	217	99	846	524	1,123	1,740	8,695	9,202	2,081	2,881	2,411	2,259	650	368	381	80							21,628	19,510		
Non-Current Liabilities	735	451	84	28	274	163	228	534	1,513	2,135	354	446	612	573	231	100	179	27							4,875	4,919		
Borrowings																												
Provisions																												
Other	3,266	2,447	301	127	1,120	687	1,351	2,274	10,208	11,337	2,435	2,527	3,023	2,832	881	468	560	107						26,503	24,429			
Total Non-Current Liabilities	26,685	19,173	2,605	1,133	9,006	6,189	10,637	19,653	79,175	97,691	18,849	21,978	23,338	22,802	7,515	4,220	4,957	943							208,598	210,423		
Total Liabilities	21,918	41,447	(425)	1,579	2,524	8,206	18,866	16,677	159,263	220,179	42,650	50,559	30,386	22,838	2,536	5,873	(3,697)	596							277,550	410,374		
Net Assets																												

Assets and liabilities that are specific to service groups are allocated accordingly, eg Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(ad), 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 2009 to apportion service expenses and revenues is also used to attribute assets and liabilities to each service group.

## 1 The Health Service Reporting Entity

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

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

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

As a consequence the values in the annual financial statements presented herein consist of the Health Service (as the parent entity), the financial statements of the special purpose entity Division and the consolidated financial statements of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 12, 24, 26 and 30 being especially relevant.

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

The reporting entity is consolidated as part of the financial statements prepared for both the NSW Department of Health and the NSW Total State Sector Accounts.

These consolidated financial statements for the year ended 30 June 2010 have been authorised for issue by the Chief Executive on 17 September 2010.

## 2 Summary of Significant Accounting Policies

The Health Service's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the 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 \$148.0 million (2009 \$156.3 million). Notwithstanding this deficiency the financial statements have 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 statements.

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

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

### Accounting Standard/Interpretation

AASB 9, Financial Instruments and AASB 2009-11, Amendments to Australian Accounting Standards arising from AASB 9, have application from 1 July 2013 and focus on simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value. They also simplify the requirements for embedded derivatives and remove the tainting rules associated with held-to-maturity assets. They have been assessed as having no material impact on the Health Service.

AASB 1053, Application of tiers of Australian Accounting Standards, has application from 1 July 2013 and establishes a differential reporting framework consisting of two tiers of reporting requirements. Tier 1 entities will continue to apply existing Australian Accounting Standards. Tier 2 entities will apply the same recognition, measurement and presentation requirements but reduced disclosure requirements. Tier 2 entities include the majority of public sector entities. This standard has been assessed as having no material impact on the Health Service.

AASB 2009-5, Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project, has application from 1 July 2010 and comprises accounting changes for presentation, recognition or measurement purposes. This standard has been assessed as having no material impact on the Health Service.

Greater Southern Area Health Service  
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AASB 2009-8, Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions, has application from 1 July 2010 and makes amendments which clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. This standard has been assessed as having no impact on the Health Service.

AASB 2009-9, Amendments to Australian Accounting Standards- Additional Exemptions for First-time Adopters, has application from 1 July 2010 and makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations. This standard has been assessed as having no impact on the Health Service.

AASB 2009-10, Amendments to Australian Accounting Standards- Classification of Rights Issues, has application from 1 July 2010 and provides clarification concerning equity instruments. This standard has been assessed as having no material impact on the Health Service.

AASB 124, Related Party Disclosures and AASB 2009-12, Amendments to Australian Accounting Standards, have application from 1 July 2011 and simplify the definition of a related party. They have been assessed as having no impact on the Health Service.

Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13, Amendments to Australian Accounting Standards arising from Interpretation 19, have application from 1 July 2010 and addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. They have been assessed as having no impact on the Health Service.

AASB 2009-14, Amendments to Australian Interpretation- Prepayments of a Minimum Funding Requirement, has application from 1 July 2011 and makes limited-application amendments to Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This standard has been assessed as having no impact on the Health Service.

AASB 2010-1, Amendments to Australian Accounting Standards- Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters, has application from 1 July 2010 and provides additional exemption on IFRS transition in relation to AASB 7 Financial Instruments: Disclosures, to avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS-compliant preparers. This standard has been assessed as having no impact on the Health Service."

AASB 2010-2, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements, has application from 1 July 2013 and determines disclosures in Australian Accounting Standards from which Tier 2 entities are exempt. This standard has been assessed as having no material impact on the Health Service.

AASB 2010-3 and AASB 2010-4, Amendments to Australian Accounting Standards arising from the Annual Improvements Project, have application from 1 January 2011 and amend a number of different Australian Accounting Standards. These standards have been assessed as having no material impact on the Health Service.

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 are due to be settled within 12 months after the end of the period in which the employees render the service 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 2010, such on costs being consistent with actuarial assessment (Comparable on costs for 30 June 2009 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 18.3% (9.8% at 30 June 2009) 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.

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 in accordance with the Department's Mandate to not-for-profit general government sector agencies.

d) **Income Recognition**

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

*Sale of Goods*

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

*Rendering of Services*

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

*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.

*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 Statement of Comprehensive Income before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

General operating expenses/revenues of Affiliated Health Organisations have only been included in the Statement of Comprehensive Income 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 Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

- \* 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; and
- \* receivables and payables are stated with the amount of GST included.

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

**f) 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 2008/09 activity data using standard cost weighted separation values to reflect estimated costs in 2009/10 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 (See also assets transferred as a result of an equity transfer Note 2(z) refers).

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

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

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

**h) Capitalisation Thresholds**

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

**i) Depreciation**

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

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

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

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

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

**j) Revaluation of Non Current Assets**

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

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

The Health Service revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Area as at 30 June 2010 was completed on 25 May 2010 and was based on an independent assessment.

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

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

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

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

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

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

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

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

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

**l) Assets Not Able to be Reliably Measured**

The Health Service may at times hold certain assets that are not recognised in the Statement of Financial Position because the Health Service is unable to measure reliably the value for the assets. NIL existed at Balance Date.

**m) Restoration Costs**

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

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

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

**o) Investment Properties**

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

**p) Intangible Assets**

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

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Health Service's intangible assets, the assets are carried at cost less any accumulated amortisation. The Health Service's intangible assets are amortised using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

**q) Maintenance**

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



r) **Leased Assets**

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

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

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

s) **Inventories**

Inventories are stated at cost, adjusted when applicable for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

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

t) **Loans and Receivables**

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

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

u) **Investments**

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

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

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

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

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

\* *Held to maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Greater Southern Area Health Service has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Result for the Year when impaired, derecognised or through the amortisation process.

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

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date 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 Statement of Financial

**v) Impairment of financial assets**

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

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

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

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

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

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

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

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

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

**x) Payables**

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

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

**y) Borrowings**

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

The finance lease liability is determined in accordance with AASB 117, Leases.

**z) Equity Transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004, Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities.

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

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

**aa) Equity and Reserves**

**(i) Asset Revaluation Reserve**

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

**(ii) Accumulated Funds**

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

**(iii) Separate Reserves**

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

**ab) Trust Funds**

The Health Service receives monies in a trustee capacity for various trusts as set out in Note 28. 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.

**ac) 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.

**ad) 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 2009 which is then applied to the current period's financial information. The same methodology is applied to attribute assets and liabilities to each service group.

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 Southern Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
		Salaries and Wages	279,415	320,084
		Awards	15,703	16,253
		Superannuation - defined benefit plans	6,205	7,536
		Superannuation - defined contributions	25,798	28,346
		Long Service Leave	13,678	10,427
		Annual Leave	28,330	30,788
		Sick Leave and Other Leave	10,766	11,539
		Redundancies	1,722	4,420
		Workers Compensation Insurance	7,257	7,933
		Fringe Benefits Tax	105	-
		Staff Related Costs	6,640	3,256
			<b>395,619</b>	<b>440,582</b>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
279,415	320,084	Salaries and Wages		
15,703	16,253	Awards		
6,205	7,536	Superannuation - defined benefit plans		
25,798	28,346	Superannuation - defined contributions		
13,678	10,427	Long Service Leave		
28,330	30,788	Annual Leave		
10,766	11,539	Sick Leave and Other Leave		
1,722	4,420	Redundancies		
7,257	7,933	Workers Compensation Insurance		
105	-	Fringe Benefits Tax		
6,640	3,256	Staff Related Costs		
<b>395,619</b>	<b>440,582</b>			
<b>5. Other Operating Expenses</b>				
55,835	54,771	Allocations towards Inter Area Patient Outflows, NSW (see (d) below)	55,835	54,771
2,878	3,039	Blood and Blood Products	2,878	3,039
71,355	7,898	Domestic Supplies and Services	71,355	7,898
15,229	16,646	Drug Supplies	15,229	16,646
35,007	19,896	Food Supplies	35,007	19,896
7,419	6,694	Fuel, Light and Power	7,419	6,694
17,797	17,519	General Expenses (See (b) below)	17,797	17,519
18,235	17,235	Hospital Ambulance Transport Costs	18,235	17,235
4,818	5,223	Information Management Expenses	4,818	5,223
1,380	785	Insurance	1,380	785
128,736	123,803	Interstate Patient Outflows (see (e) below)	128,736	123,803
		Maintenance (See (c) below)		
3,775	2,832	Maintenance Contracts	3,775	2,832
7,991	8,005	New/Replacement Equipment under \$10,000	7,991	8,005
3,961	5,459	Repairs	3,961	5,459
931	957	Other	931	957
23,537	24,693	Medical and Surgical Supplies	23,537	24,693
3,399	3,668	Postal and Telephone Costs	3,399	3,668
1,584	1,794	Printing and Stationery	1,584	1,794
942	1,095	Rates and Charges	942	1,095
4,071	4,280	Rental	4,071	4,280
35,801	33,608	Special Service Departments	35,801	33,608
4,557	4,364	Staff Related Costs	4,557	4,364
7,101	6,030	Sundry Operating Expenses (See (a) below)	7,101	6,030
7,030	7,390	Travel Related Costs	7,030	7,390
			<b>463,369</b>	<b>377,684</b>
<b>463,369</b>	<b>377,684</b>		<b>463,369</b>	<b>377,684</b>

Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>5. Other Operating Expenses (cont...)</b>				
(a) Sundry Operating Expenses comprise:				
-	3	Aircraft Expenses (Ambulance)	-	3
69,417	3,924	Contract for Patient Services	69,417	3,924
2,183	2,103	Isolated Patient Travel and Accommodation Assistance Scheme	2,183	2,103
<u>71,600</u>	<u>6,030</u>		<u>71,600</u>	<u>6,030</u>
(b) General Expenses Include:-				
223	299	Advertising	223	299
120	145	Books, Magazines and Journals	120	145
-	-	Consultancies	-	-
1,107	1,002	- Operating Activities	1,107	1,002
-	-	- Capital Works	-	-
989	1,299	Courier and Freight	989	1,299
94	97	Auditor's Remuneration - Audit of financial reports	94	97
76	49	Auditor's Remuneration - Other Services	76	49
58	87	Data Recording and Storage	58	87
411	323	Legal Services	411	323
144	111	Membership/Professional Fees	144	111
3,526	4,319	Motor Vehicle Operating Lease Expense - minimum lease payments	3,526	4,319
2,021	2,104	Other Operating Lease Expense - minimum lease payments	2,021	2,104
6	(3)	Payroll Services	6	(3)
339	477	Quality Assurance/Accreditation	339	477
1,502	1,381	Security Services	1,502	1,381
9	10	Translator Services	9	10
7,171	5,818	Other	7,171	5,818
(c) Reconciliation Total Maintenance				
16,658	17,252	Maintenance expense - contracted labour and other (non employee related), included in Note 5	16,658	17,252
3,013	3,373	Employee related/Personnel Services maintenance expense included in Notes 3 and 4	3,013	3,373
<u>19,671</u>	<u>20,625</u>	Total maintenance expenses included in Notes 3, 4 and 5	<u>19,671</u>	<u>20,625</u>
(d) Details of the allocations applied to Inter Area Patient Out Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:-				
14,021	12,677	Sydney South West AHS	14,021	12,677
28,618	27,761	Sydney East Illawarra AHS	28,618	27,761
3,024	3,455	Sydney West AHS	3,024	3,455
2,339	2,266	Northern Sydney/Central Coast AHS	2,339	2,266
460	458	Hunter New England AHS	460	458
472	493	North Coast AHS	472	493
1,603	1,588	Greater Western AHS	1,603	1,588
5,298	6,073	Children's Hospital	5,298	6,073
<u>55,835</u>	<u>54,771</u>		<u>55,835</u>	<u>54,771</u>
(e) Expenses for Interstate Patient Flows are as follows:-				
73,395	77,620	ACT	73,395	77,620
1,487	799	Queensland	1,487	799
253	207	South Australia	253	207
52,977	44,629	Victoria	52,977	44,629
178	66	Tasmania	178	66
223	119	Northern Territory	223	119
223	364	Western Australia	223	364
<u>128,736</u>	<u>123,804</u>		<u>128,736</u>	<u>123,804</u>

Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
15,819	17,822	Depreciation - Buildings	15,819	17,822
4,926	4,337	Depreciation - Plant and Equipment	4,926	4,337
474	472	Depreciation - Infrastructure Systems	474	472
<u>21,219</u>	<u>22,631</u>		<u>21,219</u>	<u>22,631</u>
<b>7. Grants and Subsidies</b>				
1,513	1,363	Non Government Voluntary Organisations	1,513	1,363
97	50	Grants to Community Aged Care Packages	97	50
180	1,293	Other	180	1,293
<u>1,790</u>	<u>2,706</u>		<u>1,790</u>	<u>2,706</u>
<b>8. Finance Costs</b>				
2,094	1,571	Finance Lease Interest Charges	2,094	1,571
18	18	Other Interest Charges	18	18
<u>2,112</u>	<u>1,589</u>	Total Finance Costs	<u>2,112</u>	<u>1,589</u>
<b>9. Payments to Affiliated Health Organisations</b>				
<b>Recurrent Sourced</b>				
6,379	5,779	Mercy Care Centre Young	6,379	5,779
8,691	7,572	Mercy Health Albury	8,691	7,572
266	54	Other	266	54
<u>15,336</u>	<u>13,405</u>		<u>15,336</u>	<u>13,405</u>

**Greater Southern Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2010**

PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
<b>10. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
1,051	887	Sale of Prosthesis	1,051	887
127	1,961	Other	127	1,961
153	150	Pharmacy Sales	153	150
(b) Rendering of Services comprise the following:-				
64,865	63,800	Patient Fees [see note 2(d)]	64,865	63,800
275	252	Staff-Meals and Accommodation	275	252
77	97	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	77	97
(6)	5	- Annual Charge	(6)	5
6,487	6,270	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	6,487	6,270
57	258	Cafeteria/Kiosk	57	258
6,459	5,064	Clinical Services (excluding Clinical Drug Trials)	6,459	5,064
296	236	Commercial Activities	296	236
1	-	Enteral Nutrition Income	1	-
57	67	Fees for Medical Records	57	67
14	16	Information Retrieval	14	16
5,526	-	High Cost Drugs	5,526	-
-	1	Linen Service Revenues - Non Health Services	-	1
39	541	Meals on Wheels	39	541
53	111	PADP Patient Copayments	53	111
20,584	23,310	Patient Inflows from Interstate [see note (d) below]	20,584	23,310
36	38	Patient Transport Fees	36	38
596	728	Salary Packaging Fee	596	728
357	346	Services Provided to Non NSW Health Organisations	357	346
8,655	8,339	Multi Purpose Service Centre Fees	8,655	8,339
5,700	8,067	Other	5,700	8,067
<b>121,459</b>	<b>120,544</b>		<b>121,459</b>	<b>120,544</b>
(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:				
823	599	Sydney South West AHS	823	599
1,491	1,432	Sydney East Illawarra AHS	1,491	1,432
521	390	Sydney West AHS	521	390
379	425	Northern Sydney/Central Coast AHS	379	425
418	528	Hunter New England AHS	418	528
268	204	North Coast AHS	268	204
2,587	2,692	Greater Western AHS	2,587	2,692
<b>6,487</b>	<b>6,270</b>		<b>6,487</b>	<b>6,270</b>
(d) Revenues from Patient Inflows from Interstate are as follows:-				
2,411	2,764	ACT	2,411	2,764
549	740	Queensland	549	740
236	211	South Australia	236	211
17,127	19,293	Victoria	17,127	19,293
77	84	Tasmania	77	84
27	58	Northern Territory	27	58
157	160	Western Australia	157	160
<b>20,584</b>	<b>23,470</b>		<b>20,584</b>	<b>23,310</b>
<b>11. Investment Revenue</b>				
796	940	Interest	796	940
890	863	Lease and Rental Income	890	863
<b>1,686</b>	<b>1,803</b>		<b>1,686</b>	<b>1,803</b>

Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>12. Grants and Contributions</b>				
2,694	3,470	Commonwealth Government grants	2,694	3,470
-	22	Commonwealth Teaching Hospital grants	-	22
1,678	2,075	Industry Contributions/Donations	1,678	2,075
5,736	3,128	Cancer Institute grants	5,736	3,128
1,763	1,480	NSW Government grants	1,763	1,480
7,274	7,551	Personnel Services - Superannuation Defined Benefits	-	-
93	43	Research grants	93	43
420	353	Other grants	420	353
<u>19,658</u>	<u>18,122</u>		<u>12,384</u>	<u>10,571</u>
<b>13. Other Revenue</b>				
Other Revenue comprises the following:-				
40	62	Bad Debts recovered	40	62
51	64	Commissions	51	64
103	100	Conference and Training Fees	103	100
33	418	Sale of Merchandise, Old Wares and Books	33	418
-	1,822	Treasury Managed Fund Hindsight Adjustment	-	1,822
-	24	Unclaimed Deposits	-	24
2,994	1,787	Other	2,994	1,787
<u>3,221</u>	<u>4,277</u>		<u>3,221</u>	<u>4,277</u>
<b>14. Gain/(Loss) on Disposal</b>				
7,940	30,450	Property, Plant and Equipment	7,940	30,450
7,617	30,372	Less Accumulated Depreciation	7,617	30,372
323	78	<b>Written Down Value</b>	323	78
58	186	Less Proceeds from Disposal	58	186
<u>(265)</u>	<u>108</u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u>(265)</u>	<u>108</u>
473	-	Less Proceeds from Disposal	473	-
<u>473</u>	<u>-</u>	<b>Gain/(Loss) on Disposal of Assets Held for Sale</b>	<u>473</u>	<u>-</u>
<u>208</u>	<u>108</u>	<b>Total Gain/(Loss) on Disposal</b>	<u>208</u>	<u>108</u>
<b>15. Other Gains/(Losses)</b>				
(1,534)	(1,553)	Impairment of Receivables	(1,534)	(1,553)
<u>(1,534)</u>	<u>(1,553)</u>		<u>(1,534)</u>	<u>(1,553)</u>



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

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	-	13	1,581	1,594
Contributions recognised in amalgamated balance as at 30 June 2009 which were not expended in the current reporting period	-	90	5,687	5,777
Total amount of unexpended contributions as at balance date	-	103	7,268	7,371
Comment on restricted assets appears in Note 23				

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.

**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 Area Health Service'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 Southern Area Health Service  
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PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
		<b>18. Current Assets - Cash and Cash Equivalents</b>		
926	1,042	Cash at bank and on hand	926	1,042
9,506	9,964	Short Term Deposits	9,506	9,964
<b>10,432</b>	<b>11,006</b>		<b>10,432</b>	<b>11,006</b>
		Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
10,432	11,006	Cash and cash equivalents (per Statement of Financial Position)	10,432	11,006
		Bank overdraft		
<b>10,432</b>	<b>11,006</b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b>10,432</b>	<b>11,006</b>

*Refer to Note 34 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

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**Notes to and forming part of the Financial Statements**  
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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
		<b>19. Receivables</b>		
		<b>Current</b>		
12,108	8,621	(a) Sale of Goods and Services	12,108	8,621
1,290	-	Leave Mobility	1,290	-
1,097	(79)	NSW Health Department	1,097	(79)
3,150	2,574	Goods and Services Tax	3,150	2,574
2,403	441	Other Debtors	2,403	441
<hr/>	<hr/>		<hr/>	<hr/>
20,048	11,557	<b>Sub Total</b>	20,048	11,557
<hr/>	<hr/>		<hr/>	<hr/>
(1,412)	(1,106)	Less Allowance for impairment	(1,412)	(1,106)
<hr/>	<hr/>		<hr/>	<hr/>
18,636	10,451	<b>Sub Total</b>	18,636	10,451
406	547	Prepayments	406	547
<hr/>	<hr/>		<hr/>	<hr/>
<b>19,042</b>	<b>10,998</b>		<b>19,042</b>	<b>10,998</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
		(b) Movement in the allowance for impairment		
		Sale of Goods & Services		
(573)	(745)	Balance at 1 July	(573)	(745)
1,198	1,570	Amounts written off during the year	1,198	1,570
		Increase/(decrease) in allowance recognised in		
(1,444)	(1,398)	Result for the Year	(1,444)	(1,398)
(818)	(573)	Balance at 30 June	(818)	(573)
		(c) Movement in the allowance for impairment		
		Other Debtors		
(533)	(415)	Balance at 1 July	(533)	(415)
101	37	Amounts written off during the year	101	37
(71)	(1)	Amounts recovered during the year	(71)	(1)
		Increase/(decrease) in allowance recognised in		
(90)	(155)	Result for the Year	(90)	(155)
(594)	(533)	Balance at 30 June	(594)	(533)
<hr/>	<hr/>		<hr/>	<hr/>
<b>(1,412)</b>	<b>(1,106)</b>		<b>(1,412)</b>	<b>(1,106)</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
		<b>Non Current</b>		
656	710	(a) Prepayments	656	710
<hr/>	<hr/>		<hr/>	<hr/>
<b>656</b>	<b>710</b>		<b>656</b>	<b>710</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
		(b) Sale of Goods and Services Receivables		
		(Current and Non Current) include:		
801	637	Patient Fees - Compensable	801	637
506	419	Patient Fees - Ineligible	506	419
4,884	4,449	Patient Fees - Other	4,884	4,449
<hr/>	<hr/>		<hr/>	<hr/>
<b>6,191</b>	<b>5,505</b>		<b>6,191</b>	<b>5,505</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 34.*

Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>20. Inventories</b>				
		<b>Current - at cost (held for Distribution)</b>		
739	1,798	Drugs	739	1,798
447	1,524	Medical and Surgical Supplies	447	1,524
-	84	Food and Hotel Supplies	-	84
204	146	Engineering Supplies	204	146
-	96	Other including Goods in Transit	-	96
<u>1,390</u>	<u>3,648</u>		<u>1,390</u>	<u>3,648</u>

Greater Southern Area Health Service  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
<b>21. Property, Plant and Equipment</b>				
		<b>Land and Buildings - fair value</b>		
848,696	1,095,340	Gross Carrying Amount	848,696	1,095,340
429,739	536,842	Less Accumulated depreciation and impairment	429,739	536,842
<u>418,957</u>	<u>558,498</u>	Net Carrying Amount	<u>418,957</u>	<u>558,498</u>
		<b>Plant and Equipment - fair value</b>		
51,588	57,840	Gross Carrying Amount	51,588	57,840
26,658	33,889	Less Accumulated depreciation and impairment	26,658	33,889
<u>24,930</u>	<u>23,951</u>	Net Carrying Amount	<u>24,930</u>	<u>23,951</u>
		<b>Infrastructure Systems - fair value</b>		
16,158	18,268	Gross Carrying Amount	16,158	18,268
8,672	10,383	Less Accumulated depreciation and impairment	8,672	10,383
<u>7,486</u>	<u>7,885</u>	Net Carrying Amount	<u>7,486</u>	<u>7,885</u>
<u>451,373</u>	<u>590,334</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>451,373</u>	<u>590,334</u>

Greater Southern Area Health Service  
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21. Property, Plant and Equipment (continued) - Reconciliations

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2010</b>								
Net Carrying amount at start of year	36,502	516,046	5,950	-	23,951	7,885	-	590,334
Additions	645	637	3,882	-	7,529	223	-	12,916
Recognition of Assets Held for Sale	(200)	(244)	-	-	-	(20)	-	(464)
Disposals	-	-	-	-	(323)	-	-	(323)
Administrative restructures - transfers in/(out)	(4,500)	(68,352)	-	-	(1,300)	-	-	(74,152)
Net revaluation increment less revaluation decrements recognised in reserves	10,270	(65,860)	-	-	-	(127)	-	(55,717)
Impairment losses (recognised in "other gains/losses)	-	-	-	-	-	-	-	-
Depreciation expense	-	(15,819)	-	-	(4,926)	(474)	-	(21,219)
Reclassifications	-	-	-	-	-	-	-	-
Net Carrying amount at end of year	42,717	366,408	9,832	-	24,931	7,487	-	451,375

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2009</b>								
Net Carrying amount at start of year	44,349	409,141	78,577	-	22,969	7,450	-	562,486
Additions	(5)	77,950	(72,626)	-	5,596	40	-	10,955
Recognition of Assets Held for Sale	(3,380)	(671)	-	-	-	-	-	(4,051)
Disposals	(30)	(49)	-	-	-	-	-	(79)
Administrative restructures - transfers in/(out)	-	-	-	-	(277)	-	-	(277)
Net revaluation increment less revaluation decrements recognised in reserves	(4,432)	47,496	-	-	-	866	-	43,930
Impairment losses (recognised in "other gains/losses)	-	-	-	-	-	-	-	-
Depreciation expense	-	(17,822)	-	-	(4,336)	(472)	-	(22,630)
Reclassifications	-	-	-	-	-	-	-	-
Net Carrying amount at end of year	36,502	516,045	5,951	-	23,952	7,884	-	590,334

Above categories and transaction type should be deleted if not applicable.

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

(ii) Land, Buildings and Infrastructure were independently valued by Opteon Property Group as at 30 June 2010. [see note 2(j)]. The valuation was based on market values where market based evidence was available. Where there was no market based evidence the depreciated replacement cost was adopted. Opteon Property Group is not an employee of the Health Service.



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2010	2009		2010	2009
\$000	\$000		\$000	\$000
		<b>22. Non Current Assets held for sale</b>		
		<b>Assets held for sale</b>		
3,246	4,051	Land and Buildings	3,246	4,051
8	-	Infrastructure Systems	8	-
<u>3,254</u>	<u>4,051</u>		<u>3,254</u>	<u>4,051</u>

Non-current assets held for sale include Land and Building Wakehurst Avenue, Batlow. The property is surplus to Greater Southern Area Health Service requirements and will be subdivided and auctioned by the appointed Real Estate Agent.

Land and Building Lot 3 Diggers Road, Lavington. The property is surplus to Greater Southern Area Health Service requirements and will be subdivided and auctioned by the appointed Real Estate Agent.

Land and Infrastructure Jerilderie Street, Berrigan. The property is surplus to Greater Southern Area Health Service requirements and will be subdivided and auctioned by the appointed Real Estate Agent.

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2010  
\$000

2009  
\$000

2010  
\$000

2009  
\$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

4,715	5,437	Specific Purposes	Hospital/Ward Specific	4,715	5,437
		Other - Not restricted to specific hospitals			
103	301		Education	103	301
2,401	3,198		Frontline Health Services	2,401	3,198
152	228		Other	152	228
<hr/>					
<u>7,371</u>	<u>9,164</u>			<u>7,371</u>	<u>9,164</u>

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PARENT			CONSOLIDATION	
		<b>24. Payables</b>		
2010	2009		2010	2009
\$000	\$000		\$000	\$000
		<b>Current</b>		
7,136	11,512	Accrued Salaries and Wages	7,136	11,512
1,509	1,224	Taxation and Payroll Deductions	1,509	1,224
36,948	38,844	Creditors	36,948	38,844
-	4	Interest	-	4
		<b>Other Creditors</b>		
276	(2,043)	- Capital Works	276	(2,043)
9,701	4,908	- Intra Health Liability	9,701	4,908
(612)	(587)	- Other	(612)	(587)
704	127	- Taxation	704	127
<u>55,662</u>	<u>53,989</u>		<u>55,662</u>	<u>53,989</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 34.*

		<b>25. Borrowings</b>		
		<b>Current</b>		
20,478	21,719	Other Loans and Deposits	20,478	21,719
<u>20,478</u>	<u>21,719</u>		<u>20,478</u>	<u>21,719</u>
		<b>Non Current</b>		
21,628	19,510	Other Loans and Deposits	21,628	19,510
<u>21,628</u>	<u>19,510</u>		<u>21,628</u>	<u>19,510</u>
<p>Other loans still to be extinguished represent monies to be repaid to the NSW Health Department/ NSW Treasury. Final Repayment is scheduled for 30 June 2016.</p>				
		<b>Repayment of Borrowings (excluding Finance Leases)</b>		
20,478	14,185	Not later than one year	20,478	14,185
19,564	25,003	Between one and five years	19,564	25,003
2,064	2,041	Later than five years	2,064	2,041
<u>42,106</u>	<u>41,229</u>	Total Borrowings at face value (excluding Finance Leases)	<u>42,106</u>	<u>41,229</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 34.*

Greater Southern Area Health Service  
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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>26. Provisions</b>				
<b>Current Employee benefits and related on-costs</b>				
21,382	24,271	Annual Leave - Short Term Benefit	21,382	24,271
18,467	20,963	Annual Leave - Long Term Benefit	18,467	20,963
6,783	8,510	Long Service Leave - Short Term Benefit	6,783	8,510
<u>59,322</u>	<u>56,542</u>	Long Service Leave - Long Term Benefit	<u>59,322</u>	<u>56,542</u>
<u>105,954</u>	<u>110,286</u>	<b>Total Current Provisions</b>	<u>105,954</u>	<u>110,286</u>
<b>Non Current Employee benefits and related on-costs</b>				
<u>4,875</u>	<u>4,919</u>	Long Service Leave - Conditional	<u>4,875</u>	<u>4,919</u>
<u>4,875</u>	<u>4,919</u>	<b>Total Non Current Provisions</b>	<u>4,875</u>	<u>4,919</u>
<b>Aggregate Employee Benefits and Related On-costs</b>				
105,954	110,286	Provisions - current	105,954	110,286
4,875	4,919	Provisions - non-current	4,875	4,919
<u>8,645</u>	<u>12,736</u>	Accrued Salaries and Wages and on costs (Note 24)	<u>8,645</u>	<u>12,736</u>
<u>119,474</u>	<u>127,941</u>		<u>119,474</u>	<u>127,941</u>

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2010	2009	27.	2010	2009
\$000	\$000		\$000	\$000
		<b>27. Commitments for Expenditure</b>		
		<b>(a) Capital Commitments</b>		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	1,594	495
1,594	495	Later than one year and not later than five years	2,141	4,362
2,141	4,362	Later than five years	-	-
-	-			
<u>3,735</u>	<u>4,857</u>	<b>Total Capital Expenditure Commitments (including GST)</b>	<u>3,735</u>	<u>4,857</u>
		Of the commitments reported at 30 June 2010 it is expected that none will be met from locally generated moneys.		
		<b>(b) Other Expenditure Commitments</b>		
		Aggregate other expenditure contracted for rental payments contracted for at balance date and not provided for:		
		Not later than one year	4,677	3,304
4,677	3,304	Later than one year and not later than five years	7,210	5,143
7,210	5,143	Later than five years	-	85
-	85			
<u>11,887</u>	<u>8,532</u>	<b>Total Other Expenditure Commitments (including GST)</b>	<u>11,887</u>	<u>8,532</u>
		<b>(c) Operating Lease Commitments</b>		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
		Not later than one year	2,774	4,296
2,774	4,296	Later than one year and not later than five years	2,163	3,610
2,163	3,610	Later than five years	-	158
-	158			
<u>4,937</u>	<u>8,064</u>	<b>Total Operating Lease Commitments (including GST)</b>	<u>4,937</u>	<u>8,064</u>

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

Greater Southern Area Health Service  
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28 Trust Funds

The Health Service holds trust fund moneys of \$2.393 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	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Cash Balance at the beginning of the financial reporting period	1,331	1,171	190	141	515	765	2,036	2,077
Receipts	836	615	54	91	4,935	4,340	5,825	5,046
Expenditure	(793)	(455)	(109)	(42)	(4,566)	(4,590)	(5,468)	(5,087)
Cash Balance at the end of the financial reporting period	1,374	1,331	135	190	884	515	2,393	2,036

PARENT AND CONSOLIDATED

29 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 2003/04 fund year and an interim adjustment for the 2005/06 fund year were not calculated until 2009/10. As a result, the 2004/05 final and 2006/07 interim hindsight calculations will be paid in 2010/11.

It is not possible for the Health Service to reliably quantify the benefit to be received.

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 Area Health Service'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, the Area Health Service and NSW Department of Health.

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

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

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

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

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

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>30. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services</b>				
15,906	(14,648)	Net Cash Used on Operating Activities	15,906	(14,648)
(21,219)	(22,631)	Depreciation	(21,219)	(22,631)
(306)	54	Allowance For Impairment	(306)	54
		Acceptance by the Crown Entity of Employee Superannuation Benefits	(7,275)	(7,551)
(6,526)	5,363	Decrease/(Increase) in Provisions	(6,526)	5,363
7,412	(4,527)	Increase / (Decrease) in Prepayments and Other Assets	7,412	(4,527)
(1,873)	11,278	(Increase)/ Decrease in Creditors	(1,873)	11,278
208	108	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	208	108
(795,933)	(740,882)	(NSW Health Department Recurrent Allocations)	(795,933)	(740,882)
(6,080)	(5,246)	(NSW Health Department Capital Allocations)	(6,080)	(5,246)
		(Asset Sale Proceeds transferred to the NSW Health Department)	-	-
2,359	-	(Fair value adjustment to interest free loans)	2,359	-
<b>(805,852)</b>	<b>(771,131)</b>	<b>Net Cost of Services</b>	<b>(813,127)</b>	<b>(778,682)</b>

**31. 2009/10 Voluntary Services**

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

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



**Greater Southern Area Health Service**  
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**PARENT AND CONSOLIDATED**

**32 Unclaimed Moneys**

Unclaimed salaries and wages are paid to the credit of NSW Treasury 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.

**33 Budget Review - Parent and Consolidated**

**Net Cost of Services**

The actual Net Cost of Services was higher than budget by \$8.490M (1.1%). This was primarily due to the additional costs incurred by the Area Health Service to attract permanent medical, nursing and allied health professionals in an environment of increasing demand for rural health services.

The Area has also used the realignment of site activity targets to ensure that new VMO budgets and contracts support the realigned level of activity, resulting in a budget deficit in this area as work practices are realigned to meet the new targets. This is reflected in unfavourabilities in Employee Related Expenses (\$7.896M) and VMO Costs (\$1.405M).

Other issues placing pressure on the Area Health Service's ability to deliver a balanced NCOS position for 2009/10, including Operating Expenses (\$3.547M), include increasing cost of services provided by the NSW Ambulance Services, higher than expected costs to achieve activity targets at major facilities, Implementation costs and the ongoing maintenance of the infrastructure of ageing facilities.

During 2009/10, an Area Revenue Strategic Plan was developed with an aim to increase both short term and long term revenue opportunities; focusing on internal awareness raising, community awareness raising, retrospective claiming and process improvement.

As a result, Total Revenue was \$3.127M (2.3%) favourable, supported by a favourability in Grants and Contributions \$2.965M and Patient Fees Revenue \$1.076M, partially offset by Other user Charges being lower than budget by \$1.614M.

**Assets and Liabilities**

Total Assets were below budget by \$134.3M with the current year balance representing a decrease of \$134.6M on last year. This movement in total assets is as a result of a revaluation of land, buildings and infrastructure that was undertaken by the Area with guidance from Treasury in June 2010. The transfer of assets relating to Albury Base Hospital accounted for \$74.031M of the reduction in total Assets. Total liabilities exceeded budget by \$4.286M.

**Greater Southern Area Health Service**  
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**33 Budget Review - Parent and Consolidated cont...**

**Cash Flows**

Closing Cash and Cash Equivalents has decreased by \$0.57M and is \$12.8M favourable to budget. Net Cash Flows from Operating Activities were \$7.829M favourable to budget.

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation on **16 June 2009** are as follows:

	'\$000
Initial Allocation 30/06/2009	696,494
Inter Area Patient Flows	49,348
Inter State Patient Flows	13,909
VMO Award Increases	2,184
Leave Adjustments	7,303
Voluntary Redundancies	1,528
Special Projects	
Mental Health Enhancements	3,722
Drug and Alcohol Enhancements	840
HACC Services	168
AIDS	638
Aboriginal Health	155
Families	352
Garling Report	2,053
COAG	3,250
Chronic Care	995
Other	
Service Enhancements	4,924
Taking Pressure of Public Hospitals	156
Nursing	1,453
Albury Wodonga Health	4,160
TMF Adjustment	2,388
Compacts	396
Education & Training	371
Other Adjustments	7,852
Balance as per Statement of Comprehensive Income	804,639

**Greater Southern Area Health Service**  
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**34 Financial Instruments**

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

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

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

**( a ) Financial Instrument Categories**

**PARENT AND CONSOLIDATION**

Financial Assets Class:	Category	Carrying	Carrying
		Amount	Amount
		2010	2009
		\$000	\$000
Cash and Cash Equivalents (note 18)	N/A	10,432	11,006
Receivables (note 19) <sup>1</sup>	Loans and receivables (at amortised cost)	15,486	7,877
<b>Total Financial Assets</b>		<b>25,918</b>	<b>18,883</b>
<b>Financial Liabilities</b>			
Borrowings (note 25)	Financial liabilities	42,106	41,229
Payables (note 24) <sup>2</sup>	measured at amortised cost	54,958	53,989
<b>Total Financial Liabilities</b>		<b>97,064</b>	<b>95,218</b>

Notes

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

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

**(b) Credit Risk**

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

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

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

**Cash**

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.28% in 2009/10 compared to 5.63% in the previous year. The TCorp Hour Glass cash facility is discussed in para (d) below.

**Receivables - trade debtors**

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

The Health Service is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Of the total trade debtors balance at year-end, \$13,768 (2009: \$4,179) related to debtors that were not past due and not considered impaired and debtors of \$3,164 (2009: \$2,362) were past due but not considered impaired. Together these represent 75% (2009: 73%) of total trade debtors. The Receivables include Patient Fees Compensables which are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims.

Most of the 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 been renegotiated.

Only the Financial assets that are past due or impaired could be either 'sales of goods and services' or 'other debtors' in the 'receivables' category of the Statement of Financial Position. Patient Fees Ineligibles may represent the majority of financial assets that are past due or impaired.

	\$000		
2010	Total	Past due but not impaired	Considered impaired
<3 months overdue	13,092	13,062	30
3 months - 6 months overdue	683	672	11
> 6 months overdue	3,123	1,752	1,371
<b>2009</b>			
<3 months overdue	6,562	6,541	21
3 months - 6 months overdue	272	253	19
> 6 months overdue	2,150	1,084	1,066

Each column in the table reports "gross receivables".

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

**Greater Southern Area Health Service**  
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**(c) Liquidity Risk**

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

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

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

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

In those instances where settlement cannot be effected in accordance with the above, eg due to short term liquidity constraints, repayment plans are at times negotiated with creditors.

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

**Greater Southern Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2010**

*Maturity Analysis and interest rate exposure of financial liabilities*

	\$'000				Maturity Dates			
	Interest Rate Exposure	Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
Weighted Average Effective Int. Rate	%							
<b>2010</b>								
Payables:								
Accrued salaries		8,645	-	-	8,645	8,645	-	-
Wages and payroll deductions		-	-	-	-	-	-	-
Creditors		46,313	-	-	46,313	46,313	-	-
Borrowings:								
Bank Overdraft		-	-	-	-	-	-	-
Non Interest Loans		-	-	-	-	-	-	-
Other Loans and Deposits	6.07	47,855	47,733	122	-	23,151	24,704	-
Finance leases		-	-	-	-	-	-	-
		<u>102,813</u>	<u>47,733</u>	<u>122</u>	<u>54,958</u>	<u>78,109</u>	<u>24,704</u>	<u>-</u>
<b>2009</b>								
Payables:								
Accrued salaries		12,736	-	-	12,736	12,736	-	-
Wages and payroll deductions		-	-	-	-	-	-	-
Creditors		41,253	-	-	41,253	41,253	-	-
Borrowings:								
Bank Overdraft		-	-	-	-	-	-	-
Non Interest Loans		-	-	-	-	-	-	-
Other Loans and Deposits	5.53	46,585	46,304	281	-	15,698	28,725	2,162
Finance leases		-	-	-	-	-	-	-
		<u>100,574</u>	<u>46,304</u>	<u>281</u>	<u>53,989</u>	<u>69,687</u>	<u>28,725</u>	<u>2,162</u>

Notes:

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

**Greater Southern Area Health Service**  
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**(d) Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Health Service operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

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

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

**(e) Fair Value compared to Carrying Amount**

Financial instruments are generally recognised at cost.

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

	2010 \$'000	2010 \$'000	2009 \$'000	2009 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash & Cash Equiv.	10,432	10,432	11,006	11,006
Receivables	15,486	15,486	7,877	7,877
<b>Financial liabilities</b>				
Payables	54,958	54,958	53,989	53,989
Borrowings	42,106	42,106	41,229	41,229

**Greater Southern Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2010**

**35 Post Balance Date Events**

On 20 April 2010 the State of NSW and the Commonwealth agreed on national health reforms to establish Local Health Networks in NSW and to introduce national standards for timely access to emergency care and elective surgery.

Under the Agreement, NSW will remain responsible for system-wide planning, performance and purchasing of public hospital services and supporting the transition process for the Commonwealth to assume full funding and policy responsibility for general practice, primary health care and the national aged care system.

This agreement will result in structural and corporate changes including the establishment of these Local Health Networks in 2010-11. A professional Governing Council will be constituted for each Local Health Network. It is expected that these reforms will significantly change this reporting entity.

**36 Administrative Restructure**

Net assets of \$75,404M were transferred from the Area Health Service during the year as follows:

	\$'000
Albury Wodonga Health*	74,031
Sydney West Area Health Service - Pathology Units**	676
Health Support Services - Supply and Procurement***	697
	<u>75,404</u>

*\* Albury Wodonga Health*

The Albury Base Hospital was separated from Greater Southern Area Health Service on 1 July 2009, under the Health Services Act 1997. It now reports as a distinct entity responsible to the NSW Minister for Health with its services provided under contract by Albury Wodonga Health, an entity established under Victorian legislation for this purpose. This resulted in the transfer of \$74.031 million of land, buildings and plant and equipment to the new entity. The Albury Wodonga Health (Employment Division) has also been established with effect from 1 July 2009. The Division captures employee related expense and related assets and liabilities.

*\*\* Sydney West Area Health Service*

All assets relating to Pathology Laboratory services (land, buildings and plant and equipment) were transferred to the Pathology Western cluster under SWAHS effective 1 March 2010.

*\*\*\* Health Support - Procurement & Supply*

Warehouse inventory transferred during the year.

END OF AUDITED FINANCIAL STATEMENTS