



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Greater Western Area Health Service

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Greater Western 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, service group statements, 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.



A T Whitfield  
Deputy Auditor-General

29 September 2010  
SYDNEY

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


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

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



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

**24/08/10**



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**Acting Director Financial Operations  
Greater Western Area Health Service**

**24/08/10**

**Greater Western Area Health Service**  
**Statement of Comprehensive Income for the year ended 30 June 2010**

| PARENT   |                         |                         |  | CONSOLIDATION           |                         |                         |  |
|--|-------------------------|-------------------------|--|-------------------------|-------------------------|-------------------------|--|
| Actual<br>2010<br>\$000  | Budget<br>2010<br>\$000 | Actual<br>2009<br>\$000 | Notes  | Actual<br>2010<br>\$000 | Budget<br>2010<br>\$000 | Actual<br>2009<br>\$000 |  |
| <b>Expenses excluding losses</b>   |                         |                         |  |                         |                         |                         |  |
| Operating Expenses   |                         |                         |  |                         |                         |                         |  |
| 0  | 0                       | 0                       |  | 415,527                 | 405,402                 | 409,284                 |  |
| 415,527  | 405,402                 | 409,284                 | 3 Employee Related   | 0                       | 0                       | 0                       |  |
| 52,432   | 52,708                  | 53,889                  | 4 Personnel Services   | 52,432                  | 52,708                  | 53,889                  |  |
| 304,261  | 301,202                 | 281,706                 | 5 Other Operating Expenses   | 304,261                 | 301,202                 | 281,706                 |  |
| 26,869   | 28,073                  | 25,314                  | 2(i), 6 Depreciation and Amortisation  | 26,869                  | 28,073                  | 25,314                  |  |
| 10,411   | 9,794                   | 10,417                  | 7 Grants and Subsidies   | 10,411                  | 9,794                   | 10,417                  |  |
| 1,151  | 98                      | 158                     | 8 Finance Costs  | 1,151                   | 98                      | 158                     |  |
| 9,439  | 9,806                   | 9,065                   | 9 Payments to Affiliated Health Organisations  | 9,439                   | 9,806                   | 9,065                   |  |
| <b>820,090</b>   | <b>807,083</b>          | <b>789,833</b>          | <b>Total Expenses excluding losses</b>   | <b>820,090</b>          | <b>807,083</b>          | <b>789,833</b>          |  |
| <b>Revenue</b>   |                         |                         |  |                         |                         |                         |  |
| 84,046   | 79,827                  | 69,629                  | 10 Sale of Goods and Services  | 84,046                  | 79,827                  | 69,629                  |  |
| 1,029  | 809                     | 1,166                   | 11 Investment Revenue  | 1,029                   | 809                     | 1,166                   |  |
| 18,063   | 14,194                  | 16,619                  | 12 Grants and Contributions  | 10,050                  | 7,555                   | 8,112                   |  |
| 5,547  | 4,512                   | 6,618                   | 13 Other Revenue   | 5,547                   | 4,512                   | 6,618                   |  |
| <b>108,685</b>   | <b>99,342</b>           | <b>94,032</b>           | <b>Total Revenue</b>   | <b>100,672</b>          | <b>92,703</b>           | <b>85,525</b>           |  |
| 33   | 0                       | (72)                    | 14 Gain/(Loss) on Disposal   | 33                      | 0                       | (72)                    |  |
| (479)  | (239)                   | (1,438)                 | 15 Other Gains/(Losses)  | (479)                   | (239)                   | (1,438)                 |  |
| <b>711,851</b>   | <b>707,980</b>          | <b>697,311</b>          | <b>Net Cost of Services</b>  | <b>719,864</b>          | <b>714,619</b>          | <b>705,818</b>          |  |
| <b>Government Contributions</b>  |                         |                         |  |                         |                         |                         |  |
| NSW Department of Health   |                         |                         |  |                         |                         |                         |  |
| 702,043  | 702,043                 | 672,547                 | 2(d) Recurrent Allocations   | 702,043                 | 702,043                 | 672,547                 |  |
| 69,276   | 70,026                  | 34,384                  | 2(d) NSW Department of Health<br>Capital Allocations<br>(Asset Sale Proceeds Transferred to the<br>NSW Department of Health) | 69,276                  | 70,026                  | 34,384                  |  |
| (10)   | 0                       | 0                       | Acceptance by the Crown Entity of<br>Employee Benefits   | (10)                    | 0                       | 0                       |  |
| 0  | 0                       | 0                       | 2(a)(ii)   | 8,013                   | 6,639                   | 8,507                   |  |
| <b>771,309</b>   | <b>772,069</b>          | <b>706,931</b>          | <b>Total Government Contributions</b>  | <b>779,322</b>          | <b>778,708</b>          | <b>715,438</b>          |  |
| <b>59,458</b>  | <b>64,089</b>           | <b>9,620</b>            | <b>RESULT FOR THE YEAR</b>   | <b>59,458</b>           | <b>64,089</b>           | <b>9,620</b>            |  |
| <b>Other Comprehensive Income</b>  |                         |                         |  |                         |                         |                         |  |
| Net Increase/(Decrease) in<br>Property, Plant & Equipment<br>Asset Revaluation Reserve |                         |                         |  |                         |                         |                         |  |
| 0  | 0                       | 19,167                  |  | 0                       | 0                       | 19,167                  |  |
| <b>0</b>   | <b>0</b>                | <b>19,167</b>           | <b>Other Comprehensive Income<br/>for the year</b>   | <b>0</b>                | <b>0</b>                | <b>19,167</b>           |  |
| <b>59,458</b>  | <b>64,089</b>           | <b>28,787</b>           | <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>   | <b>59,458</b>           | <b>64,089</b>           | <b>28,787</b>           |  |

The accompanying notes form part of these financial statements

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

| PARENT                         |                         |                         | CONSOLIDATION |                         |                         |                         |
|--------------------------------|-------------------------|-------------------------|---------------|-------------------------|-------------------------|-------------------------|
| Actual<br>2010<br>\$000        | Budget<br>2010<br>\$000 | Actual<br>2009<br>\$000 | Notes         | Actual<br>2010<br>\$000 | Budget<br>2010<br>\$000 | Actual<br>2009<br>\$000 |
| <b>ASSETS</b>                  |                         |                         |               |                         |                         |                         |
| <b>Current Assets</b>          |                         |                         |               |                         |                         |                         |
| 10,949                         | 41,646                  | 10,345                  | 18            | 10,949                  | 41,646                  | 10,345                  |
| 15,261                         | 10,583                  | 11,666                  | 19            | 15,261                  | 10,583                  | 11,666                  |
| 2,287                          | 2,286                   | 3,444                   | 20            | 2,287                   | 2,286                   | 3,444                   |
| 7,108                          | 7,635                   | 7,635                   | 22            | 7,108                   | 7,635                   | 7,635                   |
| <b>35,605</b>                  | <b>62,150</b>           | <b>33,090</b>           |               | <b>35,605</b>           | <b>62,150</b>           | <b>33,090</b>           |
| <b>Non-Current Assets</b>      |                         |                         |               |                         |                         |                         |
| 195                            | 0                       | 0                       | 19            | 195                     | 0                       | 0                       |
| 547,068                        | 541,267                 | 502,189                 | 21            | 547,068                 | 541,267                 | 502,189                 |
| 29,294                         | 37,047                  | 27,560                  | 21            | 29,294                  | 37,047                  | 27,560                  |
| 10,447                         | 10,565                  | 11,247                  | 21            | 10,447                  | 10,565                  | 11,247                  |
| 586,809                        | 588,879                 | 540,996                 |               | 586,809                 | 588,879                 | 540,996                 |
| <b>587,004</b>                 | <b>588,879</b>          | <b>540,996</b>          |               | <b>587,004</b>          | <b>588,879</b>          | <b>540,996</b>          |
| <b>622,609</b>                 | <b>651,029</b>          | <b>574,086</b>          |               | <b>622,609</b>          | <b>651,029</b>          | <b>574,086</b>          |
| <b>LIABILITIES</b>             |                         |                         |               |                         |                         |                         |
| <b>Current Liabilities</b>     |                         |                         |               |                         |                         |                         |
| 56,371                         | 73,508                  | 72,393                  | 24            | 56,371                  | 73,508                  | 72,393                  |
| 5,017                          | 5,488                   | 5,318                   | 25            | 5,017                   | 5,488                   | 5,318                   |
| 122,431                        | 123,967                 | 113,720                 | 26            | 122,431                 | 123,967                 | 113,720                 |
| 1,188                          | 0                       | 891                     | 27            | 1,188                   | 0                       | 891                     |
| <b>185,007</b>                 | <b>202,963</b>          | <b>192,322</b>          |               | <b>185,007</b>          | <b>202,963</b>          | <b>192,322</b>          |
| <b>Non-Current Liabilities</b> |                         |                         |               |                         |                         |                         |
| 13,627                         | 17,295                  | 16,455                  | 25            | 13,627                  | 17,295                  | 16,455                  |
| 5,834                          | 8,000                   | 5,653                   | 26            | 5,834                   | 8,000                   | 5,653                   |
| <b>19,461</b>                  | <b>25,295</b>           | <b>22,108</b>           |               | <b>19,461</b>           | <b>25,295</b>           | <b>22,108</b>           |
| <b>204,468</b>                 | <b>228,258</b>          | <b>214,430</b>          |               | <b>204,468</b>          | <b>228,258</b>          | <b>214,430</b>          |
| <b>418,141</b>                 | <b>422,771</b>          | <b>359,656</b>          |               | <b>418,141</b>          | <b>422,771</b>          | <b>359,656</b>          |
| <b>EQUITY</b>                  |                         |                         |               |                         |                         |                         |
| 170,715                        | 170,713                 | 170,715                 |               | 170,715                 | 170,713                 | 170,715                 |
| 247,426                        | 252,058                 | 188,941                 |               | 247,426                 | 252,058                 | 188,941                 |
| <b>418,141</b>                 | <b>422,771</b>          | <b>359,656</b>          |               | <b>418,141</b>          | <b>422,771</b>          | <b>359,656</b>          |

The accompanying notes form part of these financial statements

**Greater Western Area Health Service**  
**Statement of Changes in Equity for the year ended 30 June 2010**

|   | Notes | Accumulated<br>Funds | Asset Revaluation<br>Surplus | Total          |
|---|-------|----------------------|------------------------------|----------------|
|   |       | \$000                | \$000                        | \$000          |
| <b>Balance at 1 July 2009</b>                               |       | 188,941              | 170,715                      | 359,656        |
| <b>Result For The Year</b>                                  |       | 59,458               | 0                            | 59,458         |
| <b>Other Comprehensive Income</b>                           |       | 0                    | 0                            | 0              |
| <b>Total Comprehensive Income For The Year</b>              |       | <b>59,458</b>        | <b>0</b>                     | <b>59,458</b>  |
| <b>Transactions With Owners In Their Capacity As Owners</b> |       |                      |                              |                |
| Increase/(Decrease) in Net Assets From Equity Transfers     | 35    | (973)                | 0                            | (973)          |
| <b>Balance at 30 June 2010</b>                              |       | <b>247,426</b>       | <b>170,715</b>               | <b>418,141</b> |
| <b>Balance at 1 July 2008</b>                               |       | 179,321              | 151,548                      | 330,869        |
| <b>Result For The Year</b>                                  |       | 9,620                | 0                            | 9,620          |
| <b>Other Comprehensive Income:</b>                          |       |                      |                              |                |
| Net Increase/(Decrease) in Property, Plant & Equipment      |       | 0                    | 19,167                       | 19,167         |
| <b>Total Comprehensive Income For The Year</b>              |       | <b>9,620</b>         | <b>19,167</b>                | <b>28,787</b>  |
| <b>Balance at 30 June 2009</b>                              |       | <b>188,941</b>       | <b>170,715</b>               | <b>359,656</b> |

The accompanying notes form part of these financial statements.

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

| PARENT  |                         |                         | CONSOLIDATION |                         |                         |                         |
|---|-------------------------|-------------------------|---------------|-------------------------|-------------------------|-------------------------|
| Actual<br>2010<br>\$000                         | Budget<br>2010<br>\$000 | Actual<br>2009<br>\$000 | Notes         | Actual<br>2010<br>\$000 | Budget<br>2010<br>\$000 | Actual<br>2009<br>\$000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>     |                         |                         |               |                         |                         |                         |
| <b>Payments</b>                                 |                         |                         |               |                         |                         |                         |
| 0   | 0                       | 0                       |               | (403,098)               | (386,013)               | (410,874)               |
| (11,451)  | (10,774)                | (11,458)                |               | (11,451)                | (10,774)                | (11,458)                |
| (1,151)   | (98)                    | (158)                   |               | (1,151)                 | (98)                    | (158)                   |
| (806,111)                                       | (785,415)               | (780,267)               |               | (403,013)               | (399,402)               | (369,393)               |
| <b>(818,713)</b>                                | <b>(796,287)</b>        | <b>(791,883)</b>        |               | <b>(818,713)</b>        | <b>(796,287)</b>        | <b>(791,883)</b>        |
| <b>Receipts</b>                                 |                         |                         |               |                         |                         |                         |
| 86,293  | 82,630                  | 71,121                  |               | 86,293                  | 82,630                  | 71,121                  |
| 1,029   | 0                       | 1,203                   |               | 1,029                   | 0                       | 1,203                   |
| 38,065  | 48,112                  | 37,713                  |               | 38,065                  | 48,112                  | 37,713                  |
| <b>125,387</b>                                  | <b>130,742</b>          | <b>110,037</b>          |               | <b>125,387</b>          | <b>130,742</b>          | <b>110,037</b>          |
| <b>Cash Flows From Government</b>               |                         |                         |               |                         |                         |                         |
| 702,043   | 702,043                 | 672,547                 |               | 702,043                 | 702,043                 | 672,547                 |
| 69,276  | 70,026                  | 38,088                  |               | 69,276                  | 70,026                  | 38,088                  |
| (10)  | 0                       | 0                       |               | (10)                    | 0                       | 0                       |
| <b>771,309</b>                                  | <b>772,069</b>          | <b>710,635</b>          |               | <b>771,309</b>          | <b>772,069</b>          | <b>710,635</b>          |
| <b>77,983</b>                                   | <b>106,524</b>          | <b>28,789</b>           | 31            | <b>77,983</b>           | <b>106,524</b>          | <b>28,789</b>           |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b> |                         |                         |               |                         |                         |                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>     |                         |                         |               |                         |                         |                         |
| 1,505   | 0                       | 0                       |               | 1,505                   | 0                       | 0                       |
| (75,860)  | (76,125)                | (45,259)                |               | (75,860)                | (76,125)                | (45,259)                |
| 0   | 0                       | (1,333)                 |               | 0                       | 0                       | (1,333)                 |
| <b>(74,355)</b>                                 | <b>(76,125)</b>         | <b>(46,592)</b>         |               | <b>(74,355)</b>         | <b>(76,125)</b>         | <b>(46,592)</b>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>     |                         |                         |               |                         |                         |                         |
| 952   | 1,010                   | 25,727                  |               | 952                     | 1,010                   | 25,727                  |
| (3,976)   | 0                       | (5,018)                 |               | (3,976)                 | 0                       | (5,018)                 |
| <b>(3,024)</b>                                  | <b>1,010</b>            | <b>20,709</b>           |               | <b>(3,024)</b>          | <b>1,010</b>            | <b>20,709</b>           |
| <b>604</b>                                      | <b>31,409</b>           | <b>2,906</b>            |               | <b>604</b>              | <b>31,409</b>           | <b>2,906</b>            |
| 10,345  | 10,344                  | 7,439                   |               | 10,345                  | 10,344                  | 7,439                   |
| <b>10,949</b>                                   | <b>41,753</b>           | <b>10,345</b>           | 18            | <b>10,949</b>           | <b>41,753</b>           | <b>10,345</b>           |

The accompanying notes form part of these financial statements





Greater Western Area Health Service  
Service Group Statements (Continued)  
for the Year Ended 30 June 2010

| SERVICE'S ASSETS AND LIABILITIES     | Service Group 1.1 * |        | Service Group 1.2 * |        | Service Group 1.3 * |        | Service Group 2.1 * |        | Service Group 2.2 * |         | Service Group 2.3 * |        | Service Group 3.1 * |        | Service Group 4.1 * |        | Service Group 5.1 * |        | Service Group 6.1 * |       | Total |         |         |       |
|--------------------------------------|---------------------|--------|---------------------|--------|---------------------|--------|---------------------|--------|---------------------|---------|---------------------|--------|---------------------|--------|---------------------|--------|---------------------|--------|---------------------|-------|-------|---------|---------|-------|
|                                      | 2010                | 2009   | 2010                | 2009   | 2010                | 2009   | 2010                | 2009   | 2010                | 2009    | 2010                | 2009   | 2010                | 2009   | 2010                | 2009   | 2010                | 2009   | 2010                | 2009  | 2010  | 2009    | \$000   | \$000 |
| <b>ASSETS</b>                        |                     |        |                     |        |                     |        |                     |        |                     |         |                     |        |                     |        |                     |        |                     |        |                     |       |       |         |         |       |
| <b>Current Assets</b>                |                     |        |                     |        |                     |        |                     |        |                     |         |                     |        |                     |        |                     |        |                     |        |                     |       |       |         |         |       |
| Cash and Cash Equivalents            | 1,235               | 851    | 110                 | 118    | 945                 | 714    | 774                 | 826    | 4,394               | 4,230   | 749                 | 809    | 1,211               | 976    | 1,459               | 1,330  | 146                 | 248    | 90                  | 79    | 0     | 10,949  | 10,345  |       |
| Receivables                          | 837                 | 1,148  | 25                  | 165    | 3,381               | 482    | 167                 | 282    | 5,237               | 5,237   | 465                 | 405    | 328                 | 116    | 5,610               | 3,293  | 627                 | 369    | 265                 | 169   | 0     | 15,261  | 11,666  |       |
| Inventories                          | 174                 | 179    | 15                  | 26     | 192                 | 155    | 129                 | 204    | 1,223               | 2,148   | 189                 | 258    | 133                 | 157    | 209                 | 255    | 18                  | 55     | 5                   | 7     | 0     | 2,287   | 3,444   |       |
| Non-Current Assets Held for Sale     | 853                 | 628    | 51                  | 87     | 652                 | 527    | 533                 | 610    | 2,172               | 3,243   | 577                 | 597    | 1,060               | 720    | 1,134               | 981    | 67                  | 183    | 9                   | 59    | 0     | 7,108   | 7,635   |       |
| <b>Total Current Assets</b>          | 3,099               | 2,807  | 201                 | 396    | 5,170               | 1,878  | 1,603               | 1,922  | 11,181              | 15,022  | 1,980               | 2,068  | 2,732               | 1,969  | 8,412               | 5,859  | 858                 | 855    | 369                 | 314   | 0     | 35,605  | 33,090  |       |
| <b>Non-Current Assets</b>            |                     |        |                     |        |                     |        |                     |        |                     |         |                     |        |                     |        |                     |        |                     |        |                     |       |       |         |         |       |
| Receivables                          | 11                  | 0      | 0                   | 0      | 43                  | 0      | 2                   | 0      | 45                  | 0       | 6                   | 0      | 4                   | 0      | 73                  | 0      | 8                   | 0      | 3                   | 0     | 0     | 195     | 0       |       |
| Property, Plant and Equipment        | 65,630              | 56,301 | 3,946               | 9,681  | 50,173              | 45,509 | 41,050              | 36,383 | 167,067             | 160,911 | 44,435              | 39,042 | 81,612              | 53,583 | 87,308              | 87,090 | 5,122               | 12,697 | 724                 | 992   | 0     | 547,067 | 502,189 |       |
| - Land and Buildings                 | 3,514               | 3,090  | 211                 | 531    | 2,687               | 2,498  | 2,198               | 1,997  | 8,947               | 8,831   | 2,379               | 2,143  | 4,370               | 2,941  | 4,675               | 4,780  | 274                 | 697    | 39                  | 54    | 0     | 29,294  | 27,560  |       |
| - Plant and Equipment                | 1,253               | 1,261  | 75                  | 217    | 958                 | 1,019  | 784                 | 815    | 3,192               | 3,604   | 848                 | 874    | 1,558               | 1,200  | 1,667               | 1,950  | 98                  | 284    | 14                  | 22    | 0     | 10,447  | 11,247  |       |
| - Infrastructure Systems             | 70,408              | 60,652 | 4,232               | 10,429 | 55,861              | 49,026 | 44,034              | 39,195 | 179,251             | 173,345 | 47,668              | 42,069 | 87,544              | 57,724 | 95,723              | 93,820 | 5,502               | 13,678 | 780                 | 1,069 | 0     | 567,003 | 540,996 |       |
| <b>Total Non-Current Assets</b>      | 73,507              | 63,458 | 4,433               | 10,825 | 59,031              | 50,904 | 45,637              | 41,117 | 190,432             | 188,367 | 49,648              | 44,127 | 90,276              | 59,693 | 102,135             | 99,679 | 6,360               | 14,532 | 1,149               | 1,382 | 0     | 622,608 | 574,096 |       |
| <b>TOTAL ASSETS</b>                  |                     |        |                     |        |                     |        |                     |        |                     |         |                     |        |                     |        |                     |        |                     |        |                     |       |       |         |         |       |
| <b>LIABILITIES</b>                   |                     |        |                     |        |                     |        |                     |        |                     |         |                     |        |                     |        |                     |        |                     |        |                     |       |       |         |         |       |
| <b>Current Liabilities</b>           |                     |        |                     |        |                     |        |                     |        |                     |         |                     |        |                     |        |                     |        |                     |        |                     |       |       |         |         |       |
| Payables                             | 4,284               | 3,767  | 367                 | 546    | 4,739               | 3,256  | 3,179               | 4,286  | 30,136              | 45,150  | 4,657               | 5,418  | 3,267               | 3,307  | 5,164               | 5,361  | 444                 | 1,149  | 132                 | 153   | 0     | 56,371  | 72,393  |       |
| Borrowings                           | 566                 | 437    | 50                  | 61     | 433                 | 367    | 355                 | 425    | 1,939               | 2,259   | 343                 | 416    | 555                 | 502    | 668                 | 684    | 67                  | 127    | 41                  | 41    | 0     | 5,017   | 5,318   |       |
| Provisions                           | 16,679              | 12,085 | 1,743               | 1,767  | 10,882              | 8,440  | 10,235              | 10,674 | 37,170              | 35,979  | 5,987               | 7,961  | 16,710              | 13,891 | 19,022              | 17,844 | 2,264               | 3,750  | 1,739               | 1,329 | 0     | 122,431 | 113,720 |       |
| Other                                | 134                 | 73     | 12                  | 10     | 103                 | 62     | 84                  | 71     | 459                 | 378     | 81                  | 70     | 131                 | 84     | 158                 | 115    | 16                  | 21     | 10                  | 7     | 0     | 1,188   | 891     |       |
| <b>Total Current Liabilities</b>     | 21,663              | 16,363 | 2,172               | 2,383  | 16,157              | 12,125 | 13,853              | 15,455 | 69,706              | 83,767  | 11,068              | 13,865 | 20,663              | 17,784 | 25,012              | 24,004 | 2,791               | 5,048  | 1,922               | 1,529 | 0     | 185,007 | 192,322 |       |
| <b>Non-Current Liabilities</b>       |                     |        |                     |        |                     |        |                     |        |                     |         |                     |        |                     |        |                     |        |                     |        |                     |       |       |         |         |       |
| Borrowings                           | 1,537               | 1,354  | 137                 | 188    | 1,176               | 1,136  | 964                 | 1,314  | 5,263               | 6,990   | 933                 | 1,286  | 1,507               | 1,552  | 1,816               | 2,115  | 182                 | 384    | 112                 | 126   | 0     | 13,627  | 16,455  |       |
| Provisions                           | 795                 | 601    | 83                  | 88     | 518                 | 420    | 488                 | 531    | 1,772               | 1,789   | 285                 | 396    | 796                 | 691    | 906                 | 887    | 108                 | 186    | 83                  | 66    | 0     | 5,834   | 5,653   |       |
| <b>Total Non-Current Liabilities</b> | 2,332               | 1,954  | 220                 | 275    | 1,694               | 1,555  | 1,452               | 1,844  | 7,035               | 8,778   | 1,218               | 1,682  | 2,303               | 2,243  | 2,722               | 3,002  | 290                 | 581    | 195                 | 192   | 0     | 19,461  | 22,108  |       |
| <b>TOTAL LIABILITIES</b>             | 23,995              | 18,318 | 2,392               | 2,659  | 17,851              | 13,680 | 15,305              | 17,299 | 76,741              | 92,545  | 12,286              | 15,547 | 22,966              | 20,027 | 27,734              | 27,006 | 3,081               | 5,628  | 2,117               | 1,722 | 0     | 204,468 | 214,430 |       |
| <b>NET ASSETS</b>                    | 49,512              | 45,141 | 2,041               | 8,167  | 41,180              | 37,224 | 30,332              | 23,817 | 113,691             | 95,822  | 37,362              | 28,580 | 67,310              | 39,667 | 74,401              | 72,674 | 3,279               | 8,904  | (968)               | (339) | 0     | 418,140 | 359,656 |       |

The name and purpose of each service group is summarised in Note 17.

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

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

**1. The Health Service Reporting Entity**

The Greater Western 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 (as profit is not its principal objective).

The Greater Western Area Health Service 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 31 being especially relevant.

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

The reporting entity is consolidated as part 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 24th August 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 (or disposal groups) 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 \$149.402 M (2009 \$159.232 M). 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 Western Area Health Service.

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

**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.

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.

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

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 tax, 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% (17.7% 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 Health Service 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 claim 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.

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

*Investment Revenue*

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

*Debt Forgiveness*

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

*Use of Hospital Facilities*

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

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

*Use of Outside Facilities*

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

*Grants and Contributions*

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

*NSW Department of Health Allocations*

Payments are made by the NSW Department of Health on the basis of the allocation for the Health Service as adjusted for approved supplementations mostly for salary agreements, patient flows between Health Services and approved enhancement projects. This allocation is included in the 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 Lourdes Hospital 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.

**Greater Western Area Health Service**  
**Notes to and forming part of the Financial Statements**  
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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 (w)).

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, 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 of Property, Plant and Equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to 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% |
| Linen                                     | 25.0% |
| Furniture, Fittings and Furnishings       | 5.0%  |

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

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

**Greater Western Area Health Service**  
**Notes to and forming part of the Financial Statements**  
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**j) Revaluation of Non-Current Assets**

Physical non-current assets are valued in accordance with the NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, *Property, Plant and Equipment*.

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

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 Health Service as at 30 June 2009 was completed on 30 June 2009 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) Restoration Costs**

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

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

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

**n) Maintenance**

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

**o) Leased Assets**

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

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

**Greater Western Area Health Service**  
**Notes to and forming part of the Financial Statements**  
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Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

**p) 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.

**q) Loans and Receivables**

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

**r) Investments**

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

- \* *Fair value through profit or loss* - The Greater Western Area Health Service subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the Result for the Year.
- \* *Held-to-maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Greater Western Area Health Service has the positive intention and ability to hold to maturity are classified as "held-to-maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Result for the Year when impaired, derecognised or through the amortisation process.

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

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

**s) Impairment of financial assets**

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

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

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

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Health Service 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.



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

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

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

**u) Payables**

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

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

**v) Borrowings**

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

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

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

**w) Equity Transfers**

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

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

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

**x) 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.

**y) Trust Funds**

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

**z) 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.

**aa) Emerging Asset**

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

**ab) 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, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

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

| PARENT   |                |  | CONSOLIDATION  |                |
|--|----------------|--|----------------|----------------|
| 2010   | 2009           |  | 2010           | 2009           |
| \$000  | \$000          |  | \$000          | \$000          |
| <b>3. Employee Related</b>                                 |                |  |                |                |
| Employee related expenses comprise the following:          |                |  |                |                |
| 0  | 0              | Salaries and Wages   | 295,156        | 294,698        |
| 0  | 0              | Awards   | 14,917         | 16,453         |
| 0  | 0              | Superannuation - Defined Benefit Plans                               | 8,013          | 8,507          |
| 0  | 0              | Superannuation - Defined Contribution Plans                          | 27,401         | 25,609         |
| 0  | 0              | Long Service Leave   | 16,243         | 10,977         |
| 0  | 0              | Annual Leave   | 32,167         | 33,092         |
| 0  | 0              | Sick Leave and Other Leave   | 12,956         | 12,005         |
| 0  | 0              | Redundancies   | 2,413          | 1,618          |
| 0  | 0              | Workers' Compensation Insurance                                      | 6,201          | 6,302          |
| 0  | 0              | Fringe Benefits Tax  | 60             | 23             |
| <u>0</u>   | <u>0</u>       |  | <u>415,527</u> | <u>409,284</u> |
| The following additional information is provided:          |                |  |                |                |
| 0  | 0              | Employee Related Expenses Capitalised - Land and Buildings           | 1              | 0              |
| 0  | 0              | Employee Related Expenses Capitalised - Plant and Equipment          | 0              | 378            |
| <b>4. Personnel Services</b>                               |                |  |                |                |
| Personnel Services comprise the purchase of the following: |                |  |                |                |
| 295,156  | 294,698        | Salaries and Wages   | 0              | 0              |
| 14,917   | 16,453         | Awards   | 0              | 0              |
| 8,013  | 8,507          | Superannuation - Defined Benefit Plans                               | 0              | 0              |
| 27,401   | 25,609         | Superannuation - Defined Contribution Plans                          | 0              | 0              |
| 16,243   | 10,977         | Long Service Leave   | 0              | 0              |
| 32,167   | 33,092         | Annual Leave   | 0              | 0              |
| 12,956   | 12,005         | Sick Leave and Other Leave   | 0              | 0              |
| 2,413  | 1,618          | Redundancies   | 0              | 0              |
| 6,201  | 6,302          | Workers' Compensation Insurance                                      | 0              | 0              |
| 60   | 23             | Fringe Benefits Tax  | 0              | 0              |
| <u>415,527</u>   | <u>409,284</u> |  | <u>0</u>       | <u>0</u>       |
| The following additional information is provided:          |                |  |                |                |
| 1  | 0              | Personnel Services Expenses Capitalised - Land and Buildings         | 0              | 0              |
| 0  | 378            | Personnel Services Expenses Capitalised - Plant and Equipment        | 0              | 0              |
| <b>5. Other Operating Expenses</b>                         |                |  |                |                |
| 85,820   | 86,222         | Allocations towards Inter Area Patient Outflows, NSW (see (d) below) | 85,820         | 86,222         |
| 2,532  | 2,561          | Blood and Blood Products   | 2,532          | 2,561          |
| 11,101   | 9,763          | Domestic Supplies and Services                                       | 11,101         | 9,763          |
| 17,243   | 16,258         | Drug Supplies  | 17,243         | 16,258         |
| 5,905  | 5,466          | Food Supplies  | 5,905          | 5,466          |
| 7,807  | 6,334          | Fuel, Light and Power  | 7,807          | 6,334          |
| 29,833   | 23,131         | General Expenses (see (b) below)                                     | 29,833         | 23,131         |
| 17,649   | 17,000         | Hospital Ambulance Transport Costs                                   | 17,649         | 17,000         |
| 5,367  | 9,135          | Information Management Expenses                                      | 5,367          | 9,135          |
| 1,933  | 1,174          | Insurance  | 1,933          | 1,174          |
| 22,809   | 22,102         | Interstate Patient Outflows (see (e) below)                          | 22,809         | 22,102         |
| Maintenance (see (c) below)                                |                |  |                |                |
| 9,636  | 8,525          | Maintenance Contracts  | 9,636          | 8,525          |
| 5,870  | 4,840          | New/Replacement Equipment under \$10,000                             | 5,870          | 4,840          |
| 2,665  | 1,102          | Repairs  | 2,665          | 1,102          |
| 12   | 0              | Other  | 12             | 0              |
| 21,024   | 20,375         | Medical and Surgical Supplies  | 21,024         | 20,375         |
| 5,842  | 4,326          | Postal and Telephone Costs   | 5,842          | 4,326          |
| 1,791  | 1,919          | Printing and Stationery  | 1,791          | 1,919          |
| 1,462  | 1,130          | Rates and Charges  | 1,462          | 1,130          |
| 2,512  | 2,036          | Rental   | 2,512          | 2,036          |
| 22,084   | 17,941         | Special Service Departments  | 22,084         | 17,941         |
| 5,572  | 5,726          | Staff Related Costs  | 5,572          | 5,726          |
| 10,103   | 7,346          | Sundry Operating Expenses (see (a) below)                            | 10,103         | 7,346          |
| 7,689  | 7,294          | Travel Related Costs   | 7,689          | 7,294          |
| <u>304,261</u>   | <u>281,706</u> |  | <u>304,261</u> | <u>281,706</u> |

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

|   | <b>CONSOLIDATION</b> |               |
|---|----------------------|---------------|
|   | <b>2010</b>          | <b>2009</b>   |
|   | <b>\$000</b>         | <b>\$000</b>  |
| (a) Sundry Operating Expenses comprise:   |                      |               |
| Contract for Patient Services   | 7,008                | 4,763         |
| Isolated Patient Travel and Accommodation Assistance Scheme   | 3,095                | 2,583         |
|   | <b>10,103</b>        | <b>7,346</b>  |
| (b) General Expenses include:-  |                      |               |
| Advertising   | 287                  | 342           |
| Books, Magazines and Journals   | 229                  | 155           |
| Consultancies   | 353                  | 717           |
| - Operating Activities  | 64                   | 0             |
| - Capital Works   | 620                  | 669           |
| Courier and Freight   | 221                  | 303           |
| Auditor's Remuneration - Audit of Financial Statements  | 14                   | 34            |
| Auditor's Remuneration - Other Services   | 64                   | 83            |
| Data Recording and Storage  | 62                   | 245           |
| Legal Services  | 105                  | 142           |
| Membership/Professional Fees  | 4,346                | 3,973         |
| Motor Vehicle Operating Lease Expense - Minimum Lease Payments  | 3,041                | 3,631         |
| Other Operating Lease Expense - Minimum Lease Payments  | 12                   | 0             |
| Payroll Services  | 380                  | 249           |
| Quality Assurance/Accreditation   | 3,058                | 2,677         |
| Security Services   | 13                   | 0             |
| Translator Services   |                      |               |
|   | <b>19,429</b>        | <b>16,023</b> |
| (c) Reconciliation Total Maintenance  |                      |               |
| Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5  | 18,183               | 14,467        |
| Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4   | 1,246                | 1,556         |
|   | <b>19,429</b>        | <b>16,023</b> |
| Total Maintenance Expenses included in Notes 3, 4 and 5   |                      |               |
| (d) Details of the allocations applied to Inter Area Patient Out Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:- |                      |               |
| Sydney South West   | 34,597               | 33,585        |
| South East Sydney Illawarra   | 14,002               | 14,195        |
| Sydney West   | 14,330               | 13,729        |
| Northern Sydney Central Coast   | 5,960                | 7,221         |
| Hunter New England  | 4,497                | 4,691         |
| North Coast   | 563                  | 486           |
| Greater Southern  | 2,587                | 2,692         |
| Children's Hospital Westmead  | 9,284                | 9,623         |
|   | <b>85,820</b>        | <b>86,222</b> |
| (e) Expenses for Interstate Patient Flows are as follows:-  |                      |               |
| Australian Capital Territory  | 2,670                | 2,011         |
| Northern Territory  | (142)                | 175           |
| Queensland  | 437                  | 1,027         |
| South Australia   | 8,369                | 9,183         |
| Tasmania  | (42)                 | (38)          |
| Victoria  | 11,210               | 9,648         |
| Western Australia   | 307                  | 96            |
|   | <b>22,809</b>        | <b>22,102</b> |
| <b>PARENT</b>   |                      |               |
|   | <b>2010</b>          | <b>2009</b>   |
|   | <b>\$000</b>         | <b>\$000</b>  |
|   | 7,008                | 4,763         |
|   | 3,095                | 2,583         |
|   | <b>10,103</b>        | <b>7,346</b>  |
|   | 287                  | 342           |
|   | 229                  | 155           |
|   | 353                  | 717           |
|   | 64                   | 0             |
|   | 620                  | 669           |
|   | 221                  | 303           |
|   | 14                   | 34            |
|   | 64                   | 83            |
|   | 62                   | 245           |
|   | 105                  | 142           |
|   | 4,346                | 3,973         |
|   | 3,041                | 3,631         |
|   | 12                   | 0             |
|   | 380                  | 249           |
|   | 3,058                | 2,677         |
|   | 13                   | 0             |
|   | <b>19,429</b>        | <b>16,023</b> |
|   | 18,183               | 14,467        |
|   | 1,246                | 1,556         |
|   | <b>19,429</b>        | <b>16,023</b> |
|   | 34,597               | 33,585        |
|   | 14,002               | 14,195        |
|   | 14,330               | 13,729        |
|   | 5,960                | 7,221         |
|   | 4,497                | 4,691         |
|   | 563                  | 486           |
|   | 2,587                | 2,692         |
|   | 9,284                | 9,623         |
|   | <b>85,820</b>        | <b>86,222</b> |
|   | 2,670                | 2,011         |
|   | (142)                | 175           |
|   | 437                  | 1,027         |
|   | 8,369                | 9,183         |
|   | (42)                 | (38)          |
|   | 11,210               | 9,648         |
|   | 307                  | 96            |
|   | <b>22,809</b>        | <b>22,102</b> |

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

| <b>PARENT</b>   |               |   | <b>CONSOLIDATION</b> |               |
|---|---------------|---|----------------------|---------------|
| <b>2010</b>   | <b>2009</b>   |   | <b>2010</b>          | <b>2009</b>   |
| <b>\$000</b>  | <b>\$000</b>  |   | <b>\$000</b>         | <b>\$000</b>  |
| <b>6. Depreciation and Amortisation</b>               |               |   |                      |               |
| 20,884  | 19,257        | Depreciation - Buildings                              | 20,884               | 19,257        |
| 5,308   | 5,514         | Depreciation - Plant and Equipment                    | 5,308                | 5,514         |
| 677   | 543           | Depreciation - Infrastructure Systems                 | 677                  | 543           |
| <hr/>   | <hr/>         |   | <hr/>                | <hr/>         |
| <b>26,869</b>   | <b>25,314</b> |   | <b>26,869</b>        | <b>25,314</b> |
| <b>7. Grants and Subsidies</b>                        |               |   |                      |               |
| 200   | 196           | Central West Women's Health Centre                    | 200                  | 196           |
| 2,293   | 2,730         | Housing and Supported Accommodation Initiative (HASI) | 2,293                | 2,730         |
| 827   | 803           | Lyndon House  | 827                  | 803           |
| 304   | 264           | National Association For Loss And Grief (NALAG)       | 304                  | 264           |
| 3,475   | 3,247         | Royal Flying Doctor Service (RFDS)                    | 3,475                | 3,247         |
| 200   | 200           | University of NSW Department of Rural Health          | 200                  | 200           |
| 155   | 149           | Weigelli Aboriginal Corporation                       | 155                  | 149           |
| 175   | 171           | Yeoval Community Hospital                             | 175                  | 171           |
| 2,782   | 2,657         | Other   | 2,782                | 2,657         |
| <hr/>   | <hr/>         |   | <hr/>                | <hr/>         |
| <b>10,411</b>   | <b>10,417</b> |   | <b>10,411</b>        | <b>10,417</b> |
| <b>8. Finance Costs</b>                               |               |   |                      |               |
| 1,151   | 151           | Interest on Bank Overdrafts and Loans                 | 1,151                | 151           |
| 0   | 7             | Other Interest Charges                                | 0                    | 7             |
| <hr/>   | <hr/>         |   | <hr/>                | <hr/>         |
| <b>1,151</b>  | <b>158</b>    | Total Finance Costs                                   | <b>1,151</b>         | <b>158</b>    |
| <b>9. Payments to Affiliated Health Organisations</b> |               |   |                      |               |
| <hr/>   | <hr/>         |   | <hr/>                | <hr/>         |
| <b>9,439</b>  | <b>9,065</b>  | Recurrent Sourced - Lourdes Hospital                  | <b>9,439</b>         | <b>9,065</b>  |

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

| PARENT   |               |  | CONSOLIDATION |               |
|--|---------------|--|---------------|---------------|
| 2010<br>\$000  | 2009<br>\$000 |  | 2010<br>\$000 | 2009<br>\$000 |
| <b>10. Sale of Goods and Services</b>  |               |  |               |               |
| (a) Sale of Goods comprise the following:-   |               |  |               |               |
| 1,204  | 722           | Sale of Prosthesis   | 1,204         | 722           |
| 158  | 183           | Pharmacy Sales   | 158           | 183           |
| (b) Rendering of Services comprise the following:-   |               |  |               |               |
| 51,216   | 47,319        | Patient Fees [see note 2(d)]   | 51,216        | 47,319        |
| 573  | 675           | Staff-Meals and Accommodation  | 573           | 675           |
| 8,813  | 8,922         | Infrastructure Fees - Monthly Facility Charge [see note 2(d)]        | 8,813         | 8,922         |
| 7,913  | 7,172         | Allocation from Inter Area Patient Inflows, NSW [see note (c) below] | 7,913         | 7,172         |
| 23   | 22            | Cafeteria/Kiosk  | 23            | 22            |
| 2  | 0             | Car Parking  | 2             | 0             |
| 2,783  | 431           | Clinical Services (excluding Clinical Drug Trials)                   | 2,783         | 431           |
| 156  | 134           | Commercial Activities  | 156           | 134           |
| 0  | 1             | Enteral Nutrition Income   | 0             | 1             |
| 46   | 48            | Fees for Medical Records   | 46            | 48            |
| 6,691  | 0             | High Cost Drugs*   | 6,691         | 0             |
| 20   | 28            | Information Retrieval  | 20            | 28            |
| 389  | 382           | Meals on Wheels  | 389           | 382           |
| 22   | 23            | PADP Patient Copayments  | 22            | 23            |
| 2,483  | 1,901         | Patient Inflows from Interstate [see note (d) below]                 | 2,483         | 1,901         |
| 184  | 177           | Salary Packaging Fee   | 184           | 177           |
| 69   | 16            | Services Provided to Non NSW Health Organisations                    | 69            | 16            |
| 1,301  | 1,473         | Other  | 1,301         | 1,473         |
| <b>84,046</b>  | <b>69,629</b> |  | <b>84,046</b> | <b>69,629</b> |
| * The Commonwealth Highly Specialised Drug program was varied from 1 July 2009. The State now claims on a recovery basis the cost of highly specialised drugs through Medicare (Commonwealth).<br>In previous years these funds were received within annual Government Allocation from the NSW Department of Health. |               |  |               |               |
| (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:-  |               |  |               |               |
| 490  | 464           | Sydney South West  | 490           | 464           |
| 471  | 452           | South East Sydney Illawarra  | 471           | 452           |
| 2,856  | 2,381         | Sydney West  | 2,856         | 2,381         |
| 671  | 656           | Northern Sydney Central Coast  | 671           | 656           |
| 1,547  | 1,401         | Hunter New England   | 1,547         | 1,401         |
| 275  | 230           | North Coast  | 275           | 230           |
| 1,603  | 1,588         | Greater Southern   | 1,603         | 1,588         |
| <b>7,913</b>   | <b>7,172</b>  |  | <b>7,913</b>  | <b>7,172</b>  |
| (d) Revenues from Patient Inflows from Interstate are as follows:-   |               |  |               |               |
| 92   | 257           | Australian Capital Territory   | 92            | 257           |
| 58   | 3             | Northern Territory   | 58            | 3             |
| 943  | 468           | Queensland   | 943           | 468           |
| 429  | 318           | South Australia  | 429           | 318           |
| 22   | 58            | Tasmania   | 22            | 58            |
| 706  | 759           | Victoria   | 706           | 759           |
| 233  | 38            | Western Australia  | 233           | 38            |
| <b>2,483</b>   | <b>1,901</b>  |  | <b>2,483</b>  | <b>1,901</b>  |
| <b>11. Investment Revenue</b>  |               |  |               |               |
| 512  | 619           | Interest   | 512           | 619           |
| 517  | 547           | Lease and Rental Income  | 517           | 547           |
| <b>1,029</b>   | <b>1,166</b>  |  | <b>1,029</b>  | <b>1,166</b>  |

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

| <b>PARENT</b>                           |                |   | <b>CONSOLIDATION</b> |                |
|---|----------------|---|----------------------|----------------|
| <b>2010</b>                             | <b>2009</b>    |   | <b>2010</b>          | <b>2009</b>    |
| <b>\$000</b>                            | <b>\$000</b>   |   | <b>\$000</b>         | <b>\$000</b>   |
| <b>12. Grants and Contributions</b>     |                |   |                      |                |
| 3,316                                   | 2,387          | Commonwealth Government Grants                                  | 3,316                | 2,387          |
| 1,046                                   | 733            | Industry Contributions/Donations                                | 1,046                | 733            |
| 3,019                                   | 2,991          | Cancer Institute Grants   | 3,019                | 2,991          |
| 1,144                                   | 1,288          | NSW Government Grants   | 1,144                | 1,288          |
| 8,013                                   | 8,507          | Personnel Services - Superannuation Defined Benefit Plans       | 0                    | 0              |
| 1,525                                   | 713            | Other Grants  | 1,525                | 713            |
| <b>18,063</b>                           | <b>16,619</b>  |   | <b>10,050</b>        | <b>8,112</b>   |
| <b>13. Other Revenue</b>                |                |   |                      |                |
| Other Revenue comprises the following:- |                |   |                      |                |
| 0                                       | 3              | Bad Debts Recovered   | 0                    | 3              |
| 50                                      | 67             | Commissions   | 50                   | 67             |
| 16                                      | (34)           | Conference and Training Fees                                    | 16                   | (34)           |
| 0                                       | 8              | Discounts   | 0                    | 8              |
| 3                                       | 48             | Sale of Merchandise, Old Wares and Books                        | 3                    | 48             |
| 5                                       | 23             | Sponsorship Income  | 5                    | 23             |
| 3,187                                   | 4,173          | Treasury Managed Fund Hindsight Adjustment                      | 3,187                | 4,173          |
| 3                                       | 8              | Unclaimed Deposits  | 3                    | 8              |
| 2,283                                   | 2,322          | Other   | 2,283                | 2,322          |
| <b>5,547</b>                            | <b>6,618</b>   |   | <b>5,547</b>         | <b>6,618</b>   |
| <b>14. Gain/(Loss) on Disposal</b>      |                |   |                      |                |
| 4,719                                   | 8,188          | Property, Plant and Equipment                                   | 4,719                | 8,188          |
| (2,225)                                 | 7,478          | Less Accumulated Depreciation                                   | (2,225)              | 7,478          |
| <b>2,494</b>                            | <b>710</b>     | <b>Written Down Value</b>                                       | <b>2,494</b>         | <b>710</b>     |
| (2,582)                                 | (638)          | Less Proceeds from Disposal                                     | (2,582)              | (638)          |
| <b>88</b>                               | <b>(72)</b>    | <b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b> | <b>88</b>            | <b>(72)</b>    |
| 518                                     | 0              | Assets Held for Sale  | 518                  | 0              |
| (463)                                   | 0              | Less Proceeds from Disposal                                     | (463)                | 0              |
| <b>(55)</b>                             | <b>0</b>       | <b>Gain/(Loss) on Disposal of Assets Held for Sale</b>          | <b>(55)</b>          | <b>0</b>       |
| <b>33</b>                               | <b>(72)</b>    | <b>Total Gain/(Loss) on Disposal</b>                            | <b>33</b>            | <b>(72)</b>    |
| <b>15. Other Gains/(Losses)</b>         |                |   |                      |                |
| (479)                                   | (1,438)        | Impairment of Receivables                                       | (479)                | (1,438)        |
| <b>(479)</b>                            | <b>(1,438)</b> |   | <b>(479)</b>         | <b>(1,438)</b> |

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

**PARENT AND CONSOLIDATION**

**16. Conditions on Contributions**

|  | Purchase of<br>Assets | Health Promotion,<br>Education and<br>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 | 99                    | 5  | 2,524 | 2,628 |
| Contributions recognised in amalgamated balance as at 30 June 2009 which were not expended in the current reporting period                                 | 263                   | 63   | 5,419 | 5,745 |
|  |                       |  |       |       |
| Total amount of unexpended contributions as at balance date  | 362                   | 68   | 7,943 | 8,373 |
|  |                       |  |       |       |

Comment on restricted assets appears in Note 23



**Greater Western Area Health Service**  
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**17. Service Groups of the Health Service**

**Service Group 1.1 - Primary and Community Based Services**

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

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

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

**Service Group 1.2 - Aboriginal Health Services**

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

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

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

**Service Group 1.3 - Outpatient Services**

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

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

**Service Group 2.1 - Emergency Services**

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

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

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

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

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

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

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

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

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

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

**Service Group 3.1 - Mental Health Services**

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

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

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

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

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

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

**Service Group 5.1 - Population Health Services**

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

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

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

**Service Group 6.1 - Teaching and Research**

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

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

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

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

| <b>PARENT</b>                        | <b>CONSOLIDATION</b>  |               |
|--------------------------------------|---|---------------|
| 2010<br>\$000                        | 2010<br>\$000   | 2009<br>\$000 |
| <b>18. Cash and Cash Equivalents</b> |   |               |
|                                      | Cash at Bank and On Hand  | 2,278         |
|                                      | Short Term Deposits   | 8,067         |
| <b>10,949</b>                        | <b>10,949</b>   | <b>10,345</b> |
| <br>                                 |   |               |
|                                      | Cash and Cash Equivalents (per Statement of Financial Position) | 10,345        |
| <b>10,949</b>                        | <b>10,949</b>   | <b>10,345</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:

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

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

| <b>PARENT</b> |               |   | <b>CONSOLIDATION</b> |               |
|---------------|---------------|---|----------------------|---------------|
| <b>2010</b>   | <b>2009</b>   |   | <b>2010</b>          | <b>2009</b>   |
| <b>\$000</b>  | <b>\$000</b>  |   | <b>\$000</b>         | <b>\$000</b>  |
|               |               | <b>19. Receivables</b>                            |                      |               |
|               |               | <b>Current</b>                                    |                      |               |
| 5,475         | 4,171         | (a) Sale of Goods and Services                    | 5,475                | 4,171         |
| 3,245         | 2,639         | Goods and Services Tax                            | 3,245                | 2,639         |
| 6,914         | 5,703         | Other Debtors                                     | 6,914                | 5,703         |
| 15,634        | 12,513        | <b>Sub Total</b>                                  | 15,634               | 12,513        |
| (1,031)       | (862)         | Less Allowance for Impairment                     | (1,031)              | (862)         |
| 14,603        | 11,651        | <b>Sub Total</b>                                  | 14,603               | 11,651        |
| 658           | 15            | Prepayments                                       | 658                  | 15            |
| <b>15,261</b> | <b>11,666</b> |   | <b>15,261</b>        | <b>11,666</b> |
|               |               | (b) Movement in the Allowance for Impairment      |                      |               |
|               |               | Sale of Goods and Services                        |                      |               |
| 606           | 132           | Balance at 1 July                                 | 606                  | 132           |
| (293)         | (964)         | Amounts written off during the year               | (293)                | (964)         |
| 394           | 1,438         | Increase/(decrease) in Allowance Recognised in    | 394                  | 1,438         |
| 707           | 606           | Result for the Year                               | 707                  | 606           |
|               |               | Balance at 30 June                                |                      |               |
|               |               | (c) Movement in the Allowance for Impairment      |                      |               |
|               |               | Other Debtors                                     |                      |               |
| 256           | 256           | Balance at 1 July                                 | 256                  | 256           |
| (17)          | 0             | Amounts written off during the year               | (17)                 | 0             |
| 85            | 0             | Increase/(decrease) in Allowance Recognised in    | 85                   | 0             |
| 324           | 256           | Result for the Year                               | 324                  | 256           |
|               |               | Balance at 30 June                                |                      |               |
| <b>1,031</b>  | <b>862</b>    |   | <b>1,031</b>         | <b>862</b>    |
|               |               | (d) Sale of Goods & Services Receivables include: |                      |               |
| 521           | 483           | Patient Fees - Compensable                        | 521                  | 483           |
| 76            | 57            | Patient Fees - Ineligible                         | 76                   | 57            |
| 3,720         | 3,308         | Patient Fees - Other                              | 3,720                | 3,308         |
| <b>4,317</b>  | <b>3,848</b>  |   | <b>4,317</b>         | <b>3,848</b>  |
|               |               | <b>Non-Current</b>                                |                      |               |
| 195           | 0             | Prepayments                                       | 195                  | 0             |
| <b>195</b>    | <b>0</b>      |   | <b>195</b>           | <b>0</b>      |

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

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

| PARENT                                 |              | CONSOLIDATION |              |
|--|--------------|---------------|--------------|
| 2010                                   | 2009         | 2010          | 2009         |
| \$000                                  | \$000        | \$000         | \$000        |
| <b>20. Inventories</b>                 |              |               |              |
| <b>Current - Held for Distribution</b> |              |               |              |
| 1,386                                  | 1,435        | 1,386         | 1,435        |
| 800                                    | 875          | 800           | 875          |
| 101                                    | 1,134        | 101           | 1,134        |
| <u>2,287</u>                           | <u>3,444</u> | <u>2,287</u>  | <u>3,444</u> |

**Greater Western 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>21. Property, Plant and Equipment</b> |                |   |                |                |
|  |                | <b>Land and Buildings - Fair Value</b>                                |                |                |
| 1,045,294                                | 981,284        | Gross Carrying Amount   | 1,045,294      | 981,284        |
| 498,227                                  | 479,095        | Less Accumulated Depreciation<br>and Impairment                       | 498,227        | 479,095        |
| <u>547,067</u>                           | <u>502,189</u> | Net Carrying Amount   | <u>547,067</u> | <u>502,189</u> |
|  |                | <b>Plant and Equipment - Fair Value</b>                               |                |                |
| 83,840                                   | 78,113         | Gross Carrying Amount   | 83,840         | 78,113         |
| 54,546                                   | 50,553         | Less Accumulated Depreciation<br>and Impairment                       | 54,546         | 50,553         |
| <u>29,294</u>                            | <u>27,560</u>  | Net Carrying Amount   | <u>29,294</u>  | <u>27,560</u>  |
|  |                | <b>Infrastructure Systems - Fair Value</b>                            |                |                |
| 24,758                                   | 25,307         | Gross Carrying Amount   | 24,758         | 25,307         |
| 14,311                                   | 14,060         | Less Accumulated Depreciation<br>and Impairment                       | 14,311         | 14,060         |
| <u>10,447</u>                            | <u>11,247</u>  | Net Carrying Amount   | <u>10,447</u>  | <u>11,247</u>  |
| <u>586,808</u>                           | <u>540,996</u> | <b>Total Property, Plant and Equipment<br/>At Net Carrying Amount</b> | <u>586,808</u> | <u>540,996</u> |

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

**PARENT AND CONSOLIDATION**

**21. Property, Plant and Equipment (continued)**

**Reconciliations**

|   | Land          | Buildings      | Work in<br>Progress | Plant and<br>Equipment | Infrastructure<br>Systems | Total           |
|---|---------------|----------------|---------------------|------------------------|---------------------------|-----------------|
|   | \$000         | \$000          | \$000               | \$000                  | \$000                     | \$000           |
| <b>2010</b>   |               |                |                     |                        |                           |                 |
| Net Carrying Amount at Start of Year                | 14,115        | 425,523        | 62,551              | 27,560                 | 11,247                    | <b>540,996</b>  |
| Additions   | 0             | 0              | 66,546              | 8,772                  | 19                        | <b>75,337</b>   |
| Recognition of Assets Held for Sale                 | (16)          | 23             | 0                   | 0                      | 0                         | <b>7</b>        |
| Disposals   | (400)         | (391)          | 0                   | (1,689)                | (14)                      | <b>(2,494)</b>  |
| Administrative Restructures - Transfers<br>In/(Out) | 0             | 0              | 0                   | (169)                  | 0                         | <b>(169)</b>    |
| Depreciation Expense                                | 0             | (20,884)       | 0                   | (5,308)                | (677)                     | <b>(26,869)</b> |
| Reclassifications                                   | 0             | 875            | (875)               | 128                    | (128)                     | <b>0</b>        |
| Net Carrying Amount at End of Year                  | <b>13,699</b> | <b>405,146</b> | <b>128,222</b>      | <b>29,294</b>          | <b>10,447</b>             | <b>586,808</b>  |

|  | Land          | Buildings      | Work in<br>Progress | Plant and<br>Equipment | Infrastructure<br>Systems | Total           |
|--|---------------|----------------|---------------------|------------------------|---------------------------|-----------------|
|  | \$000         | \$000          | \$000               | \$000                  | \$000                     | \$000           |
| <b>2009</b>  |               |                |                     |                        |                           |                 |
| Net Carrying Amount at Start of Year   | 14,600        | 431,439        | 28,314              | 26,397                 | 10,176                    | <b>510,926</b>  |
| Additions  | 0             | 0              | 36,511              | 6,699                  | 173                       | <b>43,383</b>   |
| Reclassifications to Intangibles   |               |                |                     |                        |                           |                 |
| Recognition of Assets Held for Sale  | (590)         | (5,789)        | 0                   | 0                      | (77)                      | <b>(6,456)</b>  |
| Disposals  | (207)         | (481)          | 0                   | (22)                   | 0                         | <b>(710)</b>    |
| Net Revaluation Increment Less<br>Revaluation Decrements Recognised in<br>Reserves | 312           | 17,337         | 0                   | 0                      | 1,518                     | <b>19,167</b>   |
| Depreciation Expense   | 0             | (19,257)       | 0                   | (5,514)                | (543)                     | <b>(25,314)</b> |
| Reclassifications  | 0             | 2,274          | (2,274)             | 0                      | 0                         | <b>0</b>        |
| Net Carrying Amount at End of Year   | <b>14,115</b> | <b>425,523</b> | <b>62,551</b>       | <b>27,560</b>          | <b>11,247</b>             | <b>540,996</b>  |

- (i) Land and Buildings include land owned by the Health Administration Corporation and administered by the Health Service [see note 2(g)].
- (ii) Land and Buildings were valued by Aon Valuation Consultants (Registered Valuers) on 30 June 2009 [see note 2(j)]. Aon Valuation Consultants are not employees of the Health Service.

**Greater Western Area Health Service**  
**Notes to and forming part of the Financial Statements**  
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|   | <b>PARENT</b> |              | <b>CONSOLIDATION</b> |
|---|---------------|--------------|----------------------|
|   | <b>2010</b>   | <b>2009</b>  | <b>2010</b>          |
|   | <b>\$000</b>  | <b>\$000</b> | <b>\$000</b>         |
| <b>22. Assets Classified as Held for Sale</b> |               |              |                      |
| <b>Assets Held for Sale</b>                   |               |              |                      |
| Land and Buildings                            | 7,030         | 7,557        | 7,030                |
| Infrastructure Systems                        | 78            | 78           | 78                   |
|   | <b>7,108</b>  | <b>7,635</b> | <b>7,108</b>         |
|   | <b>7,108</b>  |              | <b>7,635</b>         |

Assets classified as held for sale include assets indicated by the Department of Health and reflected in the State Budget as being expected to be sold in 2010/11.



**Greater Western Area Health Service**  
**Notes to and forming part of the Financial Statements**  
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|  | PARENT | CONSOLIDATION |
|--|--------|---------------|
|  | 2010   | 2010          |
|  | \$000  | \$000         |
|  | 2009   | 2009          |
|  | \$000  | \$000         |

**23. Restricted Assets**

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

|   | PARENT       | CONSOLIDATION |
|---|--------------|---------------|
| <b>Category</b>   |              |               |
| <b>Brief Details of Externally Imposed Conditions including Asset Category affected</b> |              |               |
| 6,622 Specific Purposes   | 6,468        | 6,468         |
| 1,001 Private Practice Funds  | 1,905        | 1,001         |
|   | <u>8,373</u> | <u>7,623</u>  |
|   | <u>8,373</u> | <u>7,623</u>  |

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

|                     | CONSOLIDATION |               |               |
|---------------------|---------------|---------------|---------------|
|                     |               |               |               |
|                     | 2010          | 2009          | 2009          |
|                     | \$000         | \$000         | \$000         |
| <b>24. Payables</b> |               |               |               |
| <b>PARENT</b>       |               |               |               |
| 2010                | 2009          |               |               |
| \$000               | \$000         |               |               |
| 0                   | 0             |               |               |
| 0                   | 0             |               |               |
| 13,375              | 17,202        |               |               |
| 37,289              | 50,641        |               |               |
| 595                 | 1,649         |               |               |
| 5,112               | 2,901         |               |               |
| <b>56,371</b>       | <b>72,393</b> |               |               |
|                     |               | 7,238         | 11,552        |
|                     |               | 6,137         | 5,650         |
|                     |               | 0             | 0             |
|                     |               | 37,289        | 50,641        |
|                     |               | 595           | 1,649         |
|                     |               | 5,112         | 2,901         |
|                     |               | <b>56,371</b> | <b>72,393</b> |

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

|                          |               |        |               |
|--------------------------|---------------|--------|---------------|
| <b>25. Borrowings</b>    |               |        |               |
| <b>Current</b>           |               |        |               |
| Other Loans and Deposits | 5,017         |        | 5,318         |
|                          | <b>5,017</b>  |        | <b>5,318</b>  |
| <b>Non-Current</b>       |               |        |               |
| Other Loans and Deposits |               | 13,627 | 16,455        |
| Other                    |               |        |               |
|                          | <b>13,627</b> |        | <b>16,455</b> |

Other loans still to be extinguished represent monies to be repaid to the NSW Treasury, Health Support Services, Sydney West Area Health Service and the Department of Health. Final repayment is scheduled for 30 June 2017.

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

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

|  | <b>PARENT</b>  |                | <b>CONSOLIDATION</b> |                |
|--|----------------|----------------|----------------------|----------------|
|  | <b>2010</b>    | <b>2009</b>    | <b>2010</b>          | <b>2009</b>    |
|  | <b>\$000</b>   | <b>\$000</b>   | <b>\$000</b>         | <b>\$000</b>   |
| <b>26. Provisions</b>  |                |                |                      |                |
| <b>Current Employee Benefits and Related On-Costs</b>        |                |                |                      |                |
| Annual Leave - Short Term Benefit                            | 0              | 0              | 28,035               | 28,059         |
| Annual Leave - Long Term Benefit                             | 0              | 0              | 20,647               | 19,835         |
| Long Service Leave - Short Term Benefit                      | 0              | 0              | 8,052                | 6,468          |
| Long Service Leave - Long Term Benefit                       | 0              | 0              | 65,100               | 58,761         |
| Sick Leave   | 0              | 0              | 597                  | 597            |
| Provision for Personnel Services Liability                   | 122,431        | 113,720        | 0                    | 0              |
| <b>Total Current Provisions</b>                              | <b>122,431</b> | <b>113,720</b> | <b>122,431</b>       | <b>113,720</b> |
| <b>Non-Current Employee Benefits and Related On-Costs</b>    |                |                |                      |                |
| Long Service Leave - Conditional                             | 0              | 0              | 5,834                | 5,653          |
| Provision for Personnel Services Liability                   | 5,834          | 5,653          | 0                    | 0              |
| <b>Total Non-Current Provisions</b>                          | <b>5,834</b>   | <b>5,653</b>   | <b>5,834</b>         | <b>5,653</b>   |
| <b>Aggregate Employee Benefits and Related On-Costs</b>      |                |                |                      |                |
| Provisions - Current   | 122,431        | 113,720        | 122,431              | 113,720        |
| Provisions - Non-Current                                     | 5,834          | 5,653          | 5,834                | 5,653          |
| Accrued Salaries, Wages and On-Costs (Note 24)               | 0              | 0              | 13,375               | 17,202         |
| Accrued Liability - Purchase of Personnel Services (Note 24) | 13,375         | 17,202         | 0                    | 0              |
|  | <b>141,640</b> | <b>136,575</b> | <b>141,640</b>       | <b>136,575</b> |

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

|                              | PARENT        | CONSOLIDATION |
|------------------------------|---------------|---------------|
|                              | 2010<br>\$000 | 2009<br>\$000 |
| <b>27. Other Liabilities</b> |               |               |
| <b>Current</b>               |               |               |
| Income in Advance            | 1,188         | 891           |
|                              | <b>1,188</b>  | <b>891</b>    |
|                              | <b>1,188</b>  | <b>891</b>    |

In June 2010 the following amounts were received as income in advance:

|   |       |
|---|-------|
| Commonwealth grants 2010/11             | \$000 |
| Dept of Health and Ageing grant 2010/11 | 530   |
| MHS Positive Connections                | 148   |
|   | 268   |

This funding is expected to be recognised in the 2010/11 year.

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

**PARENT**

| 2010<br>\$000  | 2009<br>\$000  | 28. Commitments for Expenditure  | 2010<br>\$000  | 2009<br>\$000  |
|----------------|----------------|--|----------------|----------------|
|                |                | <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  | 36,905         | 8,569          |
|                | 8,569          | Later than one year and not later than five years  | 70,074         | 64,110         |
|                | 64,110         | Later than five years  | 482,148        | 492,784        |
|                | 492,784        |  |                |                |
| <b>589,127</b> | <b>565,463</b> | <b>Total Capital Expenditure Commitments (Including GST)</b>   | <b>589,127</b> | <b>565,463</b> |

Of the commitments reported at 30 June 2010 it is expected that \$0.828 million will be met from locally generated moneys.

**(b) Other Expenditure Commitments**

Aggregate other expenditure contracted for Facility Management Services and other non-clinical services (under the Public private Partnership [PPP] Agreement) contracted for at balance date and not provided for:

|                  |                  |  |                  |                  |
|------------------|------------------|--|------------------|------------------|
|                  |                  | Not later than one year                                    | 25,008           | 21,464           |
|                  | 21,464           | Later than one year and not later than five years          | 117,946          | 105,019          |
|                  | 105,019          | Later than five years                                      | 1,009,921        | 943,687          |
|                  | 943,687          |  |                  |                  |
| <b>1,152,875</b> | <b>1,070,170</b> | <b>Total Other Expenditure Commitments (Including GST)</b> | <b>1,152,875</b> | <b>1,070,170</b> |

**(c) Operating Lease Commitments**

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

|               |               |  |               |               |
|---------------|---------------|--|---------------|---------------|
|               |               | Not later than one year                                  | 5,460         | 6,471         |
|               | 6,471         | Later than one year and not later than five years        | 5,557         | 6,165         |
|               | 6,165         | Later than five years                                    | 306           | 87            |
|               | 87            |  |               |               |
| <b>11,323</b> | <b>12,723</b> | <b>Total Operating Lease Commitments (Including GST)</b> | <b>11,323</b> | <b>12,723</b> |

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

**CONSOLIDATION**

**Greater Western Area Health Service**  
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**28. Commitments for Expenditure** (Continued)

The total of Commitments for expenditure above (in (a), (b) and (c)), i.e. \$1.753 billion as at the 30 June 2010 includes input tax credits of \$159 million that are expected to be recoverable from the Australian Taxation Office.

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

In November 2007, a private sector company, Pinnacle Healthcare (OAHs) Pty Limited, was engaged to finance, design and construct the new Orange Hospital and new health facilities including Orange Tertiary Mental Health and other expansion works. Pinnacle will refurbish existing buildings and provide facilities management and delivery of ancillary non-clinical services for these hospital facilities and the new Bathurst Hospital under a Project Deed. Provision of facilities maintenance commenced in April 2007, followed by other non clinical support services in December 2008. The new development will be completed in stages and full service commissioning is anticipated in 2011/12.

In 2008/09 NSW Health requested a contract variation to expand the Orange Hospital and health facilities to accommodate additional clinical services. Following the change procedures in the Project Deed and subsequently government approval, the Project Deed was amended through the Deed of Amendment No. 1 in June 2010. The amendments include an increase in the PPP operating service payments.

When construction is completed, the Greater Western Area Health Service (GWAHS) will operate and recognise the new Orange Hospital, Orange Tertiary Mental Health and refurbished facilities as an asset of \$162.1 M under the original PPP financing arrangements. The basis for the accounting treatment is that services will be delivered by GWAHS for the duration of the term until December 2035.

In addition, GWAHS will recognise the liability to Pinnacle Healthcare, payable over the period to 2035 for the construction of the new Orange Hospital, Orange Tertiary Mental Health and refurbished facilities. As the value of this payable can not yet be determined, a contingent liability has been recognised in Note 30.

The construction costs of the extended works due to the State variations are progressively paid by GWAHS during construction. GWAHS will recognise the extended works as its assets at the completion of the construction.

The expenditure commitments include Goods and Services Tax. Related input tax credits of \$159 million (2009: \$150 million) are expected to be recoverable from the Australian Taxation Office.

Greater Western Area Health Service  
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**PARENT AND CONSOLIDATION**

**29. Trust Funds**

The Health Service holds trust fund moneys of \$1.687 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          | 2009       | 2010                | 2009       | 2010                         | 2009       | 2010         | 2009         |
|   | \$000         | \$000      | \$000               | \$000      | \$000                        | \$000      | \$000        | \$000        |
| Cash Balance at the beginning of the financial reporting period | 322           | 315        | 805                 | 522        | 447                          | 730        | 1,574        | 1,567        |
| Receipts  | 332           | 353        | 969                 | 1,008      | 5,717                        | 6,396      | 7,018        | 7,757        |
| Expenditure   | (363)         | (346)      | (1,093)             | (725)      | (5,449)                      | (6,679)    | (6,905)      | (7,750)      |
| Cash Balance at the end of the financial reporting period       | <b>291</b>    | <b>322</b> | <b>681</b>          | <b>805</b> | <b>715</b>                   | <b>447</b> | <b>1,687</b> | <b>1,574</b> |

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

**30. Contingent Liabilities**

**a) Claims on Managed Fund**

Since 1 July 1989, the Health Service has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of the Health Service all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by the Health Service. As such, since 1 July 1989, 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, *Consolidated and Separate Financial Statements*, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the 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 Health Service and the NSW

**d) Orange and Associated Health Services PPP**

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



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|   | PARENT           |                  | CONSOLIDATION    |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2010             | 2009             | 2010             | 2009             |
|   | \$000            | \$000            | \$000            | \$000            |
| <b>31. Reconciliation of Net Cash Flows from Operating Activities to Net Cost of Services</b> |                  |                  |                  |                  |
| Net Cash Flows from Operating Activities  | 77,983           | 28,789           | 77,983           | 28,789           |
| Depreciation  | (26,869)         | (25,314)         | (26,869)         | (25,314)         |
| Provision for Doubtful Debts  | (479)            | (1,438)          | (479)            | (1,438)          |
| Acceptance by the Crown Entity of Employee Superannuation Benefits                            | 0                | 0                | (8,013)          | (8,507)          |
| Decrease/(Increase) in Provisions   | (9,059)          | 9,449            | (9,059)          | 9,449            |
| Increase / (Decrease) in Prepayments and Other Assets   | 1,827            | (2,069)          | 1,827            | (2,069)          |
| (Increase)/ Decrease in Creditors   | 16,022           | 3,979            | 16,022           | 3,979            |
| Net Gain/ (Loss) on Sale of Property, Plant and Equipment                                     | 33               | (72)             | 33               | (72)             |
| NSW Health Department Recurrent Allocations   | (702,043)        | (672,547)        | (702,043)        | (672,547)        |
| NSW Health Department Capital Allocations   | (69,276)         | (38,088)         | (69,276)         | (38,088)         |
| Asset Sale Proceeds Transferred to the NSW Department of Health                               | 10               | 0                | 10               | 0                |
|   | <b>(711,851)</b> | <b>(697,311)</b> | <b>(719,864)</b> | <b>(705,818)</b> |

**32. 2009/10 Voluntary Services**

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

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

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**PARENT AND CONSOLIDATED**

**33. Unclaimed Moneys**

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the *Industrial Relations Act, 1996*.

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.

**34. Budget Review - Parent and Consolidated**

**Net Cost of Services**

The actual Net Cost of Services was higher than budget by \$5.245 million. This overspend to budget is largely a result of increases in Salaries and Wages and Goods and Services expenditure, partially offset by improvements in relation to Patient Fees revenue performance and receipt of additional Grants income.

**Result for the Year**

The result for the year was a surplus of \$59.458M. This reflects the requirement (per Australian Accounting Standards) to reflect capital allocations in the Statement of Comprehensive Income whereas the expenditure of such money is predominantly recognised in the Statement of Financial Position.

The variation of \$4.631M from budget principally relates to the Net Cost of Services variation referenced above.

**Assets and Liabilities**

The movements that occurred in the Statement of Financial Position were reflective of the Health Service's strategies to reduce the terms of payment from those previously observed. The principal movements were the decrease in cash of \$30.7M, an increase in receivables of \$4.7M, an increase in Property, Plant & Equipment (net of depreciation) of \$6.6M and decreases in Accounts Payable and Borrowings of \$17.1M and \$4.1M respectively.

**Cash Flows**

Net cash flows from operating activities were lower than budget, primarily due to the application of additional cash subsidy to a reduction in payables.

Net cash flows from borrowings decreased as a result of scheduled repayments to the NSW Department of Health and the Sustainable Energy Development Authority.

Closing cash and cash equivalents was significantly lower than budget, as additional subsidy receipts were applied to the reduction in payables.

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**34. Budget Review - Parent and Consolidated (continued)**

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, 16 June 2009                | 549,605 |
| <b>Special Projects:</b>                        |         |
| Aboriginal Health                               | 58      |
| AIDS  | 170     |
| Chronic Disease Management                      | 925     |
| Dental  | 416     |
| Drug & Alcohol                                  | 1,574   |
| Garling   | 2,446   |
| Housing For Health                              | 142     |
| Keep Them Safe                                  | 2,062   |
| Mental Health                                   | 3,807   |
| NGO   | 254     |
| Subacute Care                                   | 723     |
| <b>Other:</b>                                   |         |
| Interstate Area Patient Flows                   | 77,907  |
| Interstate Patient Flows                        | 5,927   |
| Financial Assistance                            | 29,197  |
| 10 Hr Night Shifts                              | 153     |
| Additional Bathurst Staff                       | 2,000   |
| Adult Home Ventilation                          | 641     |
| Award Increases                                 | 226     |
| Chronic Care                                    | 140     |
| Clinical Leadership Program                     | 163     |
| Clinical Nurse / Midwife Specialists            | 1,439   |
| Compacks Funding                                | 125     |
| Country Careers Program                         | 110     |
| Enhancement of Effort                           | 410     |
| GP Procedural Training Program                  | 361     |
| Health Promotion Enhancement                    | 162     |
| Institute of Rural Clinical Services & Teaching | 195     |
| JMO Training & Support                          | 249     |
| Maternity Enhancement                           | 196     |
| Nurse Strategy                                  | 1,692   |
| Obstetric Anaesthetic Grants                    | 449     |
| Oncology Enhancement                            | 161     |
| Planned Surgery                                 | 2,000   |
| Public Private Partnership                      | 5,830   |
| Radiation Oncology Service                      | 102     |
| Renal Services Enhancement                      | 1,178   |
| Revenue Reduction                               | 3,300   |
| Surgical Fellowships in Rural Hospitals         | 250     |
| Telehealth Equipment                            | 350     |
| Treasury Managed Fund                           | 1,222   |
| VMO Funding Increase                            | 858     |
| Voluntary Redundancy                            | 2,093   |
| Transitional Aged Care Program                  | (642)   |
| Miscellaneous                                   | 1,417   |
| Balance per Statement of Comprehensive Income   | 702,043 |

Greater Western Area Health Service  
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**35. Increase/(Decrease) in Net Assets from Equity Transfers**

Net assets of \$0.833 million transferred to Health Support Services with effect from 1 September 2009, from which time Health Support Services assumed responsibility for the provision of procurement services on behalf of the Greater Western Area Health Service.

Net assets of \$0.141 million transferred to Western Pathology Cluster with effect from 1 March 2010, from which time Western Pathology Cluster assumed responsibility for the provision of pathology services to Greater Western Area Health Service previously provided by Orana Pathology Service (a business unit of GWAHS)

Assets and liabilities transferred are as follows:

|  | <b>\$000</b>        |
|--|---------------------|
| <b>Assets</b>  |                     |
| Inventory (Health Support Services)                            | (833)               |
| Inventory, Plant & Equipment (Western Pathology Cluster)       | <u>(141)</u>        |
| <b>Increase/(Decrease) in Net Assets From Equity Transfers</b> | <u><u>(974)</u></u> |

Greater Western Area Health Service  
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**36. Financial Instruments**

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

The Health Service's main risks arising from financial instruments are outlined below, together with the Health Service's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout 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<br>Class:          | Category                                     | Carrying      | Carrying      |
|-------------------------------------|--|---------------|---------------|
|                                     |  | Amount        | Amount        |
|                                     |  | 2010          | 2009          |
|                                     |  | \$000         | \$000         |
| Cash and Cash Equivalents (note 18) | N/A  | 10,949        | 10,345        |
| Receivables (note 19) <sup>1</sup>  | Loans and receivables<br>(at amortised cost) | 11,358        | 9,874         |
| Total Financial Assets              |  | <b>22,307</b> | <b>20,219</b> |
| <b>Financial Liabilities</b>        |  |               |               |
| Borrowings (note 25)                | Financial liabilities                        | 18,644        | 21,773        |
| Payables (note 24) <sup>2</sup>     | measured at<br>amortised cost                | 56,371        | 72,393        |
| Total Financial Liabilities         |  | <b>75,015</b> | <b>94,166</b> |

Notes

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

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

**(b) Credit Risk**

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

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

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**36. Financial Instruments (continued)**

Credit risk associated with the Health Service's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

**Cash**

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 7% in 2009/10 compared to 7% in the previous year.

**Receivables - trade debtors**

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Department of Health Accounting Manual and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the 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, \$8.429M (\$2009: \$6.317M) related to debtors that were not past due and not considered impaired and debtors of \$2.929M (2009: \$2.695M) were past due but not considered impaired. Together these represent 91.7% (2009: 91.3%) 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 Service's 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.

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                       |   |   |
|-----------------------------|-----------------------------|---|---|
| <b>2010</b>                 | <b>Total</b> <sup>1,2</sup> | <b>Past due but not impaired</b> <sup>1,2</sup> | <b>Considered impaired</b> <sup>1,2</sup> |
| <3 months overdue           | 2,387                       | 2,387   | 0   |
| 3 months - 6 months overdue | 653                         | 542   | 111                                       |
| > 6 months overdue          | 920                         | 0   | 920                                       |
| <b>2009</b>                 |                             |   |   |
| <3 months overdue           | 2,078                       | 2,078   | 0   |
| 3 months - 6 months overdue | 1,031                       | 617   | 414                                       |
| > 6 months overdue          | 448                         | 0   | 448                                       |

**Notes**

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

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

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**36. Financial Instruments (continued)**

**(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 years, 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 Western Area Health Service (refer Note 2).

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

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

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

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**36. Financial Instruments (continued)**

*Maturity Analysis and interest rate exposure of financial liabilities*

|  | Weighted<br>Average<br>Effective Int.<br>Rate | Interest Rate Exposure         |                           |                              |                              | Maturity Dates |                     |            |
|--|---|--------------------------------|---------------------------|------------------------------|------------------------------|----------------|---------------------|------------|
|  |   | Nominal<br>Amount <sup>1</sup> | Fixed<br>Interest<br>Rate | Variable<br>Interest<br>Rate | Non -<br>Interest<br>Bearing | < 1 Yr         | 1-5 Yr <sup>2</sup> | > 5Yr      |
|  | %   | \$000                          | \$000                     | \$000                        | \$000                        | \$000          | \$000               | \$000      |
| <b>2010</b>                            |   |                                |                           |                              |                              |                |                     |            |
| Payables:                              |   |                                |                           |                              |                              |                |                     |            |
| Accrued Salaries                       |   | 7,238                          | 0                         | 0                            | 7,238                        | 7,238          | 0                   | 0          |
| Wages, On-Costs and Payroll Deductions |   | 6,137                          | 0                         | 0                            | 6,137                        | 6,137          | 0                   | 0          |
| Creditors                              |   | 42,996                         | 0                         | 0                            | 42,996                       | 42,996         | 0                   | 0          |
| Borrowings:                            |   |                                |                           |                              |                              |                |                     |            |
| Other Loans and Deposits               | 7   | 18,644                         | 18,644                    | 0                            | 0                            | 5,017          | 13,457              | 170        |
|  |   | <u>75,015</u>                  | <u>18,644</u>             | <u>0</u>                     | <u>56,371</u>                | <u>61,388</u>  | <u>13,457</u>       | <u>170</u> |
| <b>2009</b>                            |   |                                |                           |                              |                              |                |                     |            |
| Payables:                              |   |                                |                           |                              |                              |                |                     |            |
| Accrued Salaries                       |   | 11,552                         | 0                         | 0                            | 11,552                       | 11,552         | 0                   | 0          |
| Wages, On-Costs and Payroll Deductions |   | 5,650                          | 0                         | 0                            | 5,650                        | 5,650          | 0                   | 0          |
| Creditors                              |   | 55,191                         | 0                         | 0                            | 55,191                       | 55,191         | 0                   | 0          |
| Borrowings:                            |   |                                |                           |                              |                              |                |                     |            |
| Other Loans and Deposits               |   | 21,773                         | 45                        | 0                            | 21,728                       | 5,006          | 16,767              | 0          |
|  |   | <u>94,166</u>                  | <u>45</u>                 | <u>0</u>                     | <u>94,121</u>                | <u>77,399</u>  | <u>16,767</u>       | <u>0</u>   |

Notes:

- The 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.
- Of the \$13,457,000 disclosed in the 2010 'other loans and deposits' time band 1-5 yrs, the Health Service has no intent to effect payments in advance of maturity dates on or prior to 30 September 2010.



Greater Western Area Health Service  
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**36. Financial Instruments (continued)**

**d) Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Health Service operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the 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. The Health Service's exposure to interest rate risk is set out below.

|                              | Carrying<br>Amount<br>\$000 | -1%<br>Profit<br>\$000 | Equity<br>\$000 | Profit<br>\$000 | +1%<br>Equity<br>\$000 |
|------------------------------|-----------------------------|------------------------|-----------------|-----------------|------------------------|
| <b>2010</b>                  |                             |                        |                 |                 |                        |
| <b>Financial Assets</b>      |                             |                        |                 |                 |                        |
| Cash and Cash Equivalents    | 10,949                      | (109)                  | (109)           | 109             | 109                    |
| <b>Financial Liabilities</b> |                             |                        |                 |                 |                        |
| Borrowings                   | (18,644)                    | 0                      | 0               | 0               | 0                      |
| <b>2009</b>                  |                             |                        |                 |                 |                        |
| <b>Financial Assets</b>      |                             |                        |                 |                 |                        |
| Cash and Cash Equivalents    | 10,345                      | (103)                  | (103)           | 103             | 103                    |
| <b>Financial Liabilities</b> |                             |                        |                 |                 |                        |
| Borrowings                   | (21,773)                    | 0                      | 0               | 0               | 0                      |

END OF AUDITED FINANCIAL STATEMENTS

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

**37. 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.

END OF AUDITED FINANCIAL STATEMENTS