



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

HEALTH ADMINISTRATION CORPORATION AND ITS CONTROLLED ENTITY

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Administration Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Corporation and the consolidated entity as at 30 June 2010, and of their 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.

Director-General's Responsibility for the Financial Statements

The Director-General of the NSW Department of Health 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 Director-General, 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 Corporation or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial 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, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

22 October 2010
SYDNEY

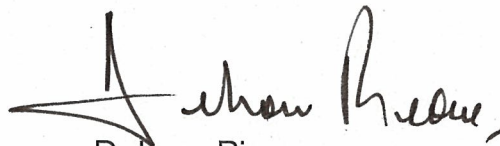
Certification of Health Administration Corporation Financial Statements for the Period Ended 30 June 2010

Pursuant to Section 45(F) of the Public Finance and Audit Act 1983 (the Act), we state that:

- (i) The attached financial statements of the Health Administration Corporation for the year ended 30 June 2010 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act and the requirements of the Health Administration Act 2000, and its regulations.
- (ii) The financial statements present fairly the financial position and transactions of the parent and the consolidated entity.
- (iii) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



John Roach
Chief Financial Officer



Debora Picone
Director-General
20 October 2010

Health Administration Corporation
Statement of Comprehensive Income for the year ended 30 June 2010

Parent							Consolidated		
Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000		Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000		
			Expenses excluding losses						
			Operating Expenses						
-----	-----	-----							
723,111	750,678	581,232	Employee Related	3	723,111	750,678	581,232		
495,298	482,776	316,749	Personnel Services	4	-----	-----	-----		
58,301	57,008	47,492	Other Operating Expenses	5	495,298	482,776	316,749		
21,104	20,329	20,133	Depreciation and Amortisation	6	58,301	57,008	47,492		
5,070	8,831	3,377	Grants and Subsidies	7	21,104	20,329	20,133		
<u>1,302,884</u>	<u>1,319,622</u>	<u>968,983</u>	Finance Costs	8	5,070	8,831	3,377		
			Total Expenses excluding losses		<u>1,302,884</u>	<u>1,319,622</u>	<u>968,983</u>		
			Revenue						
749,045	735,969	476,293	Sale of Goods and Services	9	749,045	735,969	476,293		
7,036	2,367	5,193	Investment Revenue	10	7,036	2,367	5,193		
20,007	14,576	15,023	Grants and Contributions	11	4,188	956	1,311		
8,109	20,969	6,996	Other Revenue	12	8,109	20,969	6,996		
<u>784,197</u>	<u>773,881</u>	<u>503,505</u>	Total Revenue		<u>768,378</u>	<u>760,261</u>	<u>489,793</u>		
(3,528)	-----	(1,909)	Loss on Disposal	13	(3,528)	-----	(1,909)		
(22,586)	(23,014)	(21,679)	Other Losses	14	(22,586)	(23,014)	(21,679)		
<u>544,801</u>	<u>568,755</u>	<u>489,066</u>	Net Cost of Services		<u>560,620</u>	<u>582,375</u>	<u>502,778</u>		
			Government Contributions						
464,138	464,326	430,061	NSW Department of Health Recurrent Allocations	2(d)	464,138	464,326	430,061		
100,023	96,868	99,574	NSW Department of Health Capital Allocations	2(d)	100,023	96,868	99,574		
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)	15,819	13,620	13,712		
(138)	-----	(1,347)	Asset Sale Proceeds Transferred to the NSW Department of Health		(138)	-----	(1,347)		
<u>564,023</u>	<u>561,194</u>	<u>528,288</u>	Total Government Contributions		<u>579,842</u>	<u>574,814</u>	<u>542,000</u>		
<u>19,222</u>	<u>(7,561)</u>	<u>39,222</u>	RESULT FOR THE YEAR		<u>19,222</u>	<u>(7,561)</u>	<u>39,222</u>		
			Other Comprehensive Income						
3,003	-----	11,800	Net Increase in Property, Plant & Equipment Asset Revaluation Reserve		3,003	-----	11,800		
<u>3,003</u>	-----	<u>11,800</u>	Other comprehensive Income for the Year		<u>3,003</u>	-----	<u>11,800</u>		
<u>22,225</u>	<u>(7,561)</u>	<u>51,022</u>	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>22,225</u>	<u>(7,561)</u>	<u>51,022</u>		

The accompanying notes form part of these financial statements

Health Administration Corporation
Statement of Changes in Equity for the year ended 30 June 2010

Parent and Consolidated

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total \$000
Balance at 1 July 2009		252,493	58,988	311,481
Result For The Year		19,222	-----	19,222
Other Comprehensive Income:				
Net Increase in Property, Plant & Equipment		-----	3,003	3,003
Other Transfers		(1,143)	1,143	-----
Total Other Comprehensive Income		(1,143)	4,146	3,003
Total Comprehensive Income For The Year		18,079	4,146	22,225
Transactions With Owners In Their Capacity As Owners				
Increase in Net Assets From Equity Transfers*	37	3,342	-----	3,342
Balance at 30 June 2010		273,914	63,134	337,048
Balance at 1 July 2008				
Result For The Year		39,222	-----	39,222
Other Comprehensive Income:				
Net Increase in Property, Plant & Equipment		-----	11,800	11,800
Other Transfers		1,062	(1,062)	-----
Total Other Comprehensive Income		1,062	10,738	11,800
Total Comprehensive Income For The Year		40,284	10,738	51,022
Transactions With Owners In Their Capacity As Owners				
Increase in Net Assets From Equity Transfers	37	2,357	-----	2,357
Balance at 30 June 2009		252,493	58,988	311,481

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Financial Position as at 30 June 2010

Parent			Consolidated				
Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000	Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000	
			ASSETS				
			Current Assets				
83,983	73,188	102,097	Cash and Cash Equivalents	17	83,983	73,188	102,097
178,397	132,133	129,694	Receivables	18	178,397	132,133	129,694
11,024	10,525	5,499	Inventories	19	11,024	10,525	5,499
1,858	2,207	2,207	Non-Current Assets Held for Sale	20	1,858	2,207	2,207
17,702	10,315	7,999	Other Financial Assets	21	17,702	10,315	7,999
292,964	228,368	247,496	Total Current Assets		292,964	228,368	247,496
			Non-Current Assets				
857	339	2,530	Receivables	18	857	339	2,530
32,790	37,153	22,364	Other Financial Assets	21	32,790	37,153	22,364
190,794	180,484	190,510	Property, Plant and Equipment	22			
90,361	172,653	106,837	- Land and Buildings		190,794	180,484	190,510
83	87	87	- Plant and Equipment		90,361	172,653	106,837
281,238	353,224	297,434	- Infrastructure Systems		83	87	87
159,914	98,897	112,563	Total Property, Plant and Equipment		281,238	353,224	297,434
474,799	489,613	434,891	Intangible Assets	23	159,914	98,897	112,563
			Total Non-Current Assets		474,799	489,613	434,891
767,763	717,981	682,387	Total Assets		767,763	717,981	682,387
			LIABILITIES				
			Current Liabilities				
165,122	138,372	137,417	Payables	25	165,122	138,372	137,417
201	10,056	17,946	Borrowings	26	201	10,056	17,946
243,470	237,407	191,304	Provisions	27	243,470	237,407	191,304
3,029	11,457	11,457	Other	28	3,029	11,457	11,457
411,822	397,292	358,124	Total Current Liabilities		411,822	397,292	358,124
			Non-Current Liabilities				
138	885	283	Borrowings	26	138	885	283
18,650	12,437	12,392	Provisions	27	18,650	12,437	12,392
105	107	107	Other	28	105	107	107
18,893	13,429	12,782	Total Non-Current Liabilities		18,893	13,429	12,782
430,715	410,721	370,906	Total Liabilities		430,715	410,721	370,906
337,048	307,260	311,481	Net Assets		337,048	307,260	311,481
			EQUITY				
63,134	58,988	58,988	Reserves		63,134	58,988	58,988
273,914	248,272	252,493	Accumulated Funds		273,914	248,272	252,493
337,048	307,260	311,481	Total Equity		337,048	307,260	311,481

The accompanying notes form part of these financial statements

Health Administration Corporation
Statement of Cash Flows for the year ended 30 June 2010

Parent			Consolidated			
Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000	Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
-----	-----	-----	Employee Related	(676,790)	(712,086)	(523,504)
(23,178)	(22,362)	(20,133)	Grants and Subsidies	(23,178)	(22,362)	(20,133)
-----	-----	-----	Finance Costs	-----	-----	-----
(1,278,293)	(1,240,730)	(832,074)	Other	(601,503)	(528,644)	(308,570)
<u>(1,301,471)</u>	<u>(1,263,092)</u>	<u>(852,207)</u>	Total Payments	<u>(1,301,471)</u>	<u>(1,263,092)</u>	<u>(852,207)</u>
Receipts						
793,903	752,924	393,573	Sale of Goods and Services	793,903	752,924	393,573
4,319	2,367	4,541	Interest Received	4,319	2,367	4,541
22,395	24,118	28,129	Other	22,395	24,118	28,129
<u>820,617</u>	<u>779,409</u>	<u>426,243</u>	Total Receipts	<u>820,617</u>	<u>779,409</u>	<u>426,243</u>
Cash Flows From Government						
464,138	464,326	430,061	NSW Department of Health Recurrent Allocations	464,138	464,326	430,061
100,023	96,868	99,574	NSW Department of Health Capital Allocations	100,023	96,868	99,574
(138)	-----	(1,347)	Asset Sale Proceeds Transferred to NSW Department of Health	(138)	-----	(1,347)
<u>564,023</u>	<u>561,194</u>	<u>528,288</u>	Net Cash Flows From Government	<u>564,023</u>	<u>561,194</u>	<u>528,288</u>
<u>83,169</u>	<u>77,511</u>	<u>102,324</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>83,169</u>	<u>77,511</u>	<u>102,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
1,356	-----	3,394	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	1,356	-----	3,394
-----	-----	-----	Proceeds from Sale of Investments	-----	-----	-----
(23,720)	(96,990)	(14,578)	Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems	(23,720)	(96,990)	(14,578)
-----	-----	-----	Purchases of Investments	-----	-----	-----
(61,029)	(2,142)	(48,462)	Purchases of Intangibles	(61,029)	(2,142)	(48,462)
<u>(83,393)</u>	<u>(99,132)</u>	<u>(59,646)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(83,393)</u>	<u>(99,132)</u>	<u>(59,646)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
-----	-----	10,080	Proceeds from Borrowings and Advances	-----	-----	10,080
(17,890)	(7,288)	(883)	Repayment of Borrowings and Advances	(17,890)	(7,288)	(883)
<u>(17,890)</u>	<u>(7,288)</u>	<u>9,197</u>	NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(17,890)</u>	<u>(7,288)</u>	<u>9,197</u>
(18,114)	(28,909)	51,875	NET INCREASE / (DECREASE) IN CASH	(18,114)	(28,909)	51,875
102,097	102,097	50,222	Opening Cash and Cash Equivalents	102,097	102,097	50,222
<u>83,983</u>	<u>73,188</u>	<u>102,097</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>83,983</u>	<u>73,188</u>	<u>102,097</u>

The accompanying notes form part of these financial statements

Health Administration Corporation
Service Group Statements (cont.)
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	2010	2009		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
ASSETS																										
Current Assets																										
Cash and Cash Equivalents	2,489	166	38	441	987	441	47,546	50,702	20,635	47,439	1,374	392	3,048	818	4,592	141	152	254	3,122	1,744	83,983	102,097				
Receivables	2,551	106	4,091	7,847	27,201	28,056	111,774	49,742	5,025	12,980	11,927	15,482	616	1,992	2,698	1,219	616	1,992	2,698	1,219	178,397	129,694				
Inventories	715	5	11	326	891	5,426	891	5,426	473	967	3	1,566	53	158	66	66	53	158	66	66	11,024	5,499				
Other Financial Assets	652	10	10	297	297	25	345	13,465	7,827	431	25	882	62	1,428	25	48	48	144	144	17,702	7,999					
Non-Current Assets Held for Sale	16			1,802	1,802	2,186	86,405	151,738	105,008	7,303	13,397	17,368	3	1	1	869	2,246	6,159	3,049	292,964	247,495					
Total Current Assets	6,423	171	165	5,641	8,313	77,785	167,818	13,917	12,377	1,170	1,777	2,662	2,083	3,874	2,168	130	3,799	1,687	190,794	190,510						
Non-Current Assets																										
Receivables	12			533	581	199	623	33	298	35	439	2	16	1	857	2,530										
Financial Assets at Fair Value	2,427		36	1,106	1,285	17,017	1,606	3,283	5,317	178	69	172	8	8	83	87										
Other Financial Assets				72	21,881	98	21,881	72	172	69	172	8	8	8	83	87										
Property, Plant and Equipment																										
- Land and Buildings	3,194		52	806	2,600	161,190	167,818	13,917	12,377	1,170	1,777	2,662	2,083	3,874	2,168	130	3,799	1,687	190,794	190,510						
- Plant and Equipment	4,159		62	1,769	7,373	34,018	48,539	32,084	34,049	2,564	5,758	5,307	4,684	8,493	5,870	285	30	1,670	534	90,361	106,837					
- Infrastructure Systems	6			3	10	46	44	4	44	4	7	8	8	12	8	1	1	1	1	159,914	112,563					
Intangible Assets	10,874		160	4,957	12,167	5,757	14,109	89,233	57,909	7,196	9,074	14,712	9,608	23,827	9,797	800	2,399	2,399	474,799	434,891						
Total Non-Current Assets	20,672		310	8,652	22,480	202,786	231,156	152,446	126,783	12,556	17,018	26,005	16,853	41,558	18,351	1,395	30	8,420	2,222	767,763	682,387					
Total Assets	27,095	171	475	14,293	30,793	280,571	317,561	304,184	231,791	19,859	30,415	43,373	30,112	61,071	33,999	2,264	2,276	14,579	5,271	1,907,938	1,882,897					
LIABILITIES																										
Current Liabilities																										
Payables	4,948	38	74	2,650	7,306	44,960	53,037	87,110	51,279	3,034	6,966	8,513	8,927	10,607	5,221	337	2,429	2,889	2,214	165,122	137,417					
Borrowings	14			6	58	7	80	112	17,553	9	58	19	140	30	57	1	3	3	3	201	17,946					
Provisions	7,921	597	121	3,039	6,656	143,726	132,715	55,218	28,685	4,399	4,795	9,267	10,532	14,575	4,699	489	28	4,715	2,597	243,470	191,304					
Other	205	2	3	94	25	110	541	1,682	10,767	136	26	278	63	450	25	15	1	56	8	3,029	11,457					
Total Current Liabilities	13,088	637	198	5,789	14,045	188,803	186,373	144,122	108,284	7,578	11,845	18,077	19,661	25,662	10,002	842	2,458	7,663	4,819	411,822	358,124					
Non-Current Liabilities																										
Borrowings																										
Provisions	453	37	7	168	425	12,579	8,668	3,542	1,829	244	306	515	671	808	300	27	1	307	155	18,650	12,392					
Other				1	10	3	12	95	51	8	8	4	13	1	1	1	8	1	5	105	107					
Total Non-Current Liabilities	453	37	7	169	434	12,582	8,680	3,775	2,164	244	314	519	685	809	300	27	10	308	159	18,893	12,782					
Total Liabilities	13,541	674	205	5,958	14,479	201,385	195,053	147,897	110,448	7,822	12,159	18,596	20,346	26,471	10,302	869	2,467	7,971	4,979	430,715	370,906					
Net Assets	13,554	(503)	270	8,335	16,314	79,186	122,508	156,287	121,344	12,037	18,256	24,777	9,766	34,600	23,697	1,395	(191)	6,608	292	337,048	311,482					

* The name and purpose of each service group is summarised in Note 16.
Assets and liabilities that are specific to service groups are allocated accordingly, eg Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(c), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

1 The Health Administration Corporation Reporting Entity

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

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

- * Health Support Services established on 24 April 2008 from the merger of the former Health Technology and Health Support units to provide financial, payroll, linen, food, information and other health support services to the health sector;
- * The NSW Institute of Medical Education and Training established 1 September 2005 to provide educational support to the health sector;
- * The Ambulance Service of NSW transferred to HAC on 17 March 2006 after the *Ambulance Service Act 1990* was repealed;
- * Health Infrastructure established on 1 July 2007 to provide a broad range of asset services in connection with public health organisations, eg the management and coordination of Government approved capital works projects.

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

HAC Special Purpose Service Entity was established as a Division of the Government Service on 17 March 2006 in accordance with the *Public Sector Employment and Management Act 2002* and the *Health Services Act 1997*. The Division provides personnel services to enable HAC to exercise its functions and, in accordance with Accounting Standards, is consolidated with the financial statements.

As a consequence the values in the annual financial statements presented herein consist of HAC (as the parent entity), the financial statements of the special purpose service entity and the consolidated financial statements of the economic entity. Notes capture both the parent and consolidated values with Notes 3, 4, 25, 27 and 31 being especially relevant.

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

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

The consolidated financial statements for the year ended 30 June 2010 have been authorised for issue by the Chief Financial Officer and Director General on 20 October 2010.

2. Summary of Significant Accounting Policies

HAC's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Health Services Act 1997* and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

The consolidated entity has a deficiency of working capital of \$118.858M (2009 \$110.628M). 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.

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

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

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

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

Health Administration Corporation
Notes to and forming part of the financial statements
for the year ended 30 June 2010

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 HAC.

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 HAC.

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 HAC.

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 from presentation, recognition or measurement purposes. This standard has been assessed as having no material impact on HAC.

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 and services in a share-based payment arrangement to account for those goods or services no matter which entity in a 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 HAC.

AASB 2009-8, 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 transaction process in particular situations. This standard has been assessed as having no impact on HAC.

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 impact on HAC.

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 HAC.

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 HAC.

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. The standard has been assessed as having no impact on HAC.

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 provided additional exemption on IFRS transition in relation 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 HAC.

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. The standard has been assessed as having no material impact on HAC.

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 impact on HAC.

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

a) Employee Benefits and Other Provisions

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

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

All annual leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On-costs of 17% are applied to the value of leave payable at 30 June 2010, such on-costs being consistent with actuarial assessment. (Comparable on-costs for 30 June 2009 were also 17%).

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

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

ii) Long Service Leave and Superannuation

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

Long service leave provisions are measured on a short hand basis at escalated rates of between 17.2% and 18.6% above the salary rate immediately payable at 30 June 2010 (9.8% at 30 June 2009) for all employees with five or more years of service. The rates vary across units of HAC based primarily on the impact of recreation leave earned each year. The escalation applied is consistent with the actuarial assessment and is affected in the movement by the fall in the Commonwealth Government 10 year bond yield which is used as the discount rate.

HAC's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. HAC accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits". Any liability attached to Superannuation Guarantee Charge cover is reported in Note 25, "Payables".

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Department of Health. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Death and Disability Scheme

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

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

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

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iv) **Other Provisions**

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

b) **Insurance**

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

c) **Finance Costs**

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

d) **Income Recognition**

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

Sale of Goods

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

Rendering of Services

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

Investment Revenue

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

Debt Forgiveness

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

Grants and Contributions

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

NSW Department of Health Allocations

Payments are made by the NSW Department of Health on the basis of the allocation for HAC as adjusted for approved supplementations mostly for salary agreements, computer hardware/software acquisitions and approved enhancement projects. e.g for rescue services. This allocation is included in the Statement of Comprehensive Income before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

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

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

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

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

f) Acquisition of Assets

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

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

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

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

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

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

g) Capitalisation Thresholds

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

h) Depreciation of Property, Plant & Equipment

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

Details of depreciation rates initially applied 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%
Passenger Motor Vehicles	12.5%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%
Ambulance Vehicles	11.75%
Trucks and Vans	20.0%

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

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

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i) Revaluation of Non-Current Assets

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

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

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

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

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

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

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

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

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

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

j) Impairment of Property, Plant and Equipment

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

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

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

l) Intangible Assets

HAC recognises intangible assets only if it is probable that future economic benefits will flow to HAC and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met. The Intangible Assets listed by HAC constitute software which is amortised over three to five years based on the useful life of the asset for both internally developed assets and direct acquisitions.

The useful life of intangible assets are assessed to be finite.

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Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for HAC's intangible assets, the assets are carried at cost less any accumulated amortisation.

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

m) Maintenance

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

n) Leased Assets

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

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

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

o) Inventories Held for Distribution

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

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

p) Loans and Receivables

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

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

q) Investments

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

HAC determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss - HAC subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the result for the year.

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

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

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

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

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

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

r) Impairment of financial assets

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

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

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

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

s) De-recognition of Financial Assets and Financial Liabilities

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

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

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

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

t) Payables

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

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u) Borrowings

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

v) Budgeted Amounts

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

w) Equity Transfers

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

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

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

x) Equity and Reserve

(i) Asset Revaluation Reserve

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

(ii) Accumulated Funds

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

(iii) Separate Reserves

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

y) Trust Funds

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

z) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2009 which is then applied to the current period's financial information.

In respect of Assets and Liabilities the Department requires that all HAC units take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health, eg. depreciation/ amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

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Parent			Consolidated	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	545,646	437,374
----	----	Superannuation - Defined Benefit Plans	15,819	13,712
----	----	Superannuation - Defined Contribution Plans	38,061	28,236
----	----	Long Service Leave	26,025	22,129
----	----	Annual Leave	59,203	55,386
----	----	Redundancies	1,982	854
----	----	Workers' Compensation Insurance	23,360	16,722
----	----	Fringe Benefits Tax	390	398
----	----	Death and Disability	12,625	6,421
<u>-----</u>	<u>-----</u>		<u>723,111</u>	<u>581,232</u>
The following additional information is provided:				
		Employee Related Expenses Capitalised - Intangibles	7,025	7,168
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
545,646	437,374	Salaries and Wages	----	----
15,819	13,712	Superannuation - Defined Benefit Plans	----	----
38,061	28,236	Superannuation - Defined Contribution Plans	----	----
26,025	22,129	Long Service Leave	----	----
59,203	55,386	Annual Leave	----	----
1,982	854	Redundancies	----	----
23,360	16,722	Workers' Compensation Insurance	----	----
390	398	Fringe Benefits Tax	----	----
12,625	6,421	Death and Disability	----	----
<u>723,111</u>	<u>581,232</u>		<u>-----</u>	<u>-----</u>
The following additional information is provided:				
7,025	7,168	Personnel Services Expenses Capitalised -Intangibles	----	----
5. Other Operating Expenses				
17,332	12,210	Domestic Supplies and Services	17,332	12,210
48,762	25,481	Food Supplies	48,762	25,481
4,746	41	Drug Supplies	4,746	41
6,435	5,505	Fuel, Light and Power	6,435	5,505
55,134	55,023	General Expenses (See (a) below)	55,134	55,023
52,651	35,588	Information Management Expenses	52,651	35,588
3,469	2,512	Insurance	3,469	2,512
Maintenance (See (b) below)				
7,106	3,543	Maintenance Contracts	7,106	3,543
37,528	27,232	New/Replacement Equipment under Capitalisation Threshold	37,528	27,232
12,984	19,362	Repairs	12,984	19,362
34	59	Maintenance/Non-Contract	34	59
133	4,901	Other	133	4,901
147,909	35,778	Medical and Surgical Supplies	147,909	35,778
6,770	9,021	Postal and Telephone Costs	6,770	9,021
3,202	2,517	Printing and Stationery	3,202	2,517
2,250	4,682	Rates and Charges	2,250	4,682
7,460	3,301	Rental	7,460	3,301
9,998	6,884	Staff Related Costs	9,998	6,884
60,843	56,502	Ambulance Aircraft Expenses	60,843	56,502
5,747	5,481	Travel Related Costs	5,747	5,481
4,805	1,126	Special Service Departments	4,805	1,126
<u>495,298</u>	<u>316,749</u>		<u>495,298</u>	<u>316,749</u>

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Parent			Consolidated	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
		(a) General Expenses include:-		
218	837	Advertising	218	837
437	373	Auditor's Remuneration - Audit of Financial Statements	437	373
393	426	Books, Magazines and Journals	393	426
5,699	4,414	Consultancies, Operating Activities	5,699	4,414
1,117	664	Consultancies, Capital Works	1,117	664
2,256	1,737	Courier and Freight	2,256	1,737
345	339	Data Recording and Storage	345	339
503	479	Legal Expenses	503	479
20,780	24,690	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	20,780	24,690
582	922	Other Operating Lease Expense - Minimum Lease Payments	582	922
15	42	Payroll Services	15	42
324	402	Security Services	324	402
10,183	7,226	Vehicle Registration/ Other Motor Vehicle Expenses	10,183	7,226
		(b) Reconciliation Total Maintenance		
57,785	55,097	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	57,785	55,097
		Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	3,761	6,822
<u>3,761</u>	<u>6,822</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>61,546</u>	<u>61,919</u>
<u>61,546</u>	<u>61,919</u>			

In 2009/10 Employee Related Expenses and Other Operating Expenses increased significantly as a consequence of the transfer of a number of services from the Area Health Services to Health Support Services (HSS). These transfers included food and warehousing services. In addition, HSS significantly expanded its role in respect of the delivery of other programs such as the provision of aids for the disabled. The impact of the increased services being provided by HSS is further borne out in other notes to the financial statements, e.g. revenues and inventory balances have increased markedly from 2008/09.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2010

Parent			Consolidated	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
7,724	6,593	Depreciation - Buildings	7,724	6,593
33,854	31,870	Depreciation - Plant and Equipment	33,854	31,870
556	27	Amortisation -Leasehold Buildings	556	27
16,167	9,002	Amortisation- Intangible Assets	16,167	9,002
<u>58,301</u>	<u>47,492</u>		<u>58,301</u>	<u>47,492</u>
7. Grants and Subsidies				
312	557	Non-Government Voluntary Organisations	312	557
20,792	19,576	Other	20,792	19,576
<u>21,104</u>	<u>20,133</u>		<u>21,104</u>	<u>20,133</u>
8. Finance Costs				
5,070	3,377	Interest	5,070	3,377
<u>5,070</u>	<u>3,377</u>		<u>5,070</u>	<u>3,377</u>
9. Sale of Goods and Services				
23,856	20,361	Commercial Activities	23,856	20,361
288	234	Fees for Medical Records	288	234
178,929	164,312	Patient Transport Fees	178,929	164,312
3,581	2,949	Use of Ambulance Facilities	3,581	2,949
346	317	Salary Packaging Fee	346	317
145,049	19,823	Medical and Surgical Supplies	145,049	19,823
107,643	97,233	Shared Corporate Services	107,643	97,233
82,132	85,411	Linen Service Revenues	82,132	85,411
199,206	82,256	Food/Hotel Services	199,206	82,256
8,015	3,397	Other	8,015	3,397
<u>749,045</u>	<u>476,293</u>		<u>749,045</u>	<u>476,293</u>
10. Investment Revenue				
639	742	TCorp Hour-Glass Investment Facilities at Fair Value through Profit or Loss	639	742
656	652	Lease and Rental Revenue	656	652
5,741	3,799	Other	5,741	3,799
<u>7,036</u>	<u>5,193</u>		<u>7,036</u>	<u>5,193</u>

Health Administration Corporation
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Parent			Consolidated	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
11. Grants and Contributions				
333	681	Industry Contributions/Donations	333	681
19,674	14,342	Other Grants	3,855	630
<u>20,007</u>	<u>15,023</u>		<u>4,188</u>	<u>1,311</u>
12. Other Revenue				
Other Revenue comprises the following:-				
165	53	Bad Debts Recovered	165	53
255	-----	Conference and Training Fees	255	-----
84	-----	Sale of Merchandise	84	-----
1,677	1,150	Treasury Managed Fund Hindsight Adjustment	1,677	1,150
5,928	5,793	Other	5,928	5,793
<u>8,109</u>	<u>6,996</u>		<u>8,109</u>	<u>6,996</u>
13. Loss on Disposal of Non-Current Assets				
50,342	25,994	Property, Plant and Equipment	50,342	25,994
(46,959)	(21,926)	Less Accumulated Depreciation	(46,959)	(21,926)
3,383	4,068	Written Down Value	3,383	4,068
(400)	(2,286)	Less Proceeds from Disposal	(400)	(2,286)
<u>(2,983)</u>	<u>(1,782)</u>	Loss on Disposal of	<u>(2,983)</u>	<u>(1,782)</u>
		Property, Plant and Equipment		
545	-----	Intangibles	545	-----
-----	-----	Less Proceeds from Disposal	-----	-----
<u>(545)</u>	<u>-----</u>	Loss on Disposal of	<u>(545)</u>	<u>-----</u>
		Intangible Assets		
956	1,235	Assets Held for Sale	956	1,235
(956)	(1,108)	Less Proceeds from Disposal	(956)	(1,108)
-----	(127)	Loss on Disposal of Assets	-----	(127)
<u>(3,528)</u>	<u>(1,909)</u>	Held for Sale	<u>(3,528)</u>	<u>(1,909)</u>
		Loss on Disposal		
14. Other Losses				
(22,586)	(21,679)	Impairment of Receivables	(22,586)	(21,679)
<u>(22,586)</u>	<u>(21,679)</u>		<u>(22,586)</u>	<u>(21,679)</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
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15. Conditions on Contributions

Parent and Consolidated	Purchase of Assets	Other	Total
	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	2,460	11,317	13,777
Contributions recognised in previous years which were not expended in the current financial year	200	2,755	2,955
Total amount of unexpended contributions as at balance date	<u><u>2,660</u></u>	<u><u>14,072</u></u>	<u><u>16,732</u></u>

Comment on restricted assets appears in Note 24.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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16 Service Groups of the Health Administration Corporation

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 2.3 - Same Day Acute Inpatient Services

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

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

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

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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Objective:

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

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

Health Administration Corporation
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Parent			Consolidated	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
17. Cash and Cash Equivalents				
Current				
23,403	43,711	Cash at Bank and On Hand	23,403	43,711
60,580	58,386	Short Term Deposits	60,580	58,386
<u>83,983</u>	<u>102,097</u>		<u>83,983</u>	<u>102,097</u>
Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows.				
<u>83,983</u>	<u>102,097</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>83,983</u>	<u>102,097</u>
<u>83,983</u>	<u>102,097</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>83,983</u>	<u>102,097</u>
Refer to Note 36 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.				
18. Receivables				
Current				
6,675	5,360	(a) Sale of Goods and Services	6,675	5,360
38,928	29,744	Patient Transport Fee	38,928	29,744
76	143	Leave Mobility	76	143
13,739	15,461	Goods and Services Tax	13,739	15,461
53,579	27,543	NSW Department of Health	53,579	27,543
70,593	50,412	Intra Health	70,593	50,412
1,812	4,501	Other Debtors	1,812	4,501
185,402	133,164	Sub Total	185,402	133,164
(27,060)	(22,951)	Less Allowance for Impairment	(27,060)	(22,951)
158,342	110,213	Sub Total	158,342	110,213
20,055	19,481	Prepayments	20,055	19,481
<u>178,397</u>	<u>129,694</u>		<u>178,397</u>	<u>129,694</u>
(b) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(22,951)	(20,680)	Balance at 1 July	(22,951)	(20,680)
18,477	19,408	Amounts written off during the year	18,477	19,408
----	437	Amounts recovered during the year	----	437
(22,586)	(22,116)	Increase in allowance recognised	(22,586)	(22,116)
(27,060)	(22,951)	in Result for the Year	(27,060)	(22,951)
		Balance at 30 June	(27,060)	(22,951)
Non-Current				
857	2,530	Prepayments	857	2,530
<u>857</u>	<u>2,530</u>		<u>857</u>	<u>2,530</u>

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
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Parent			Consolidated	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
19. Inventories				
Current - at cost (Held for Distribution)				
10,909	4,940	Medical and Surgical Supplies	10,909	4,940
115	559	Other	115	559
<u>11,024</u>	<u>5,499</u>		<u>11,024</u>	<u>5,499</u>

Health Administration Corporation
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Parent			Consolidated	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
20. Non-Current Assets or Disposal Groups Held for Sale				
<u>1,858</u>	<u>2,207</u>	Assets Held for Sale - Land and Buildings	<u>1,858</u>	<u>2,207</u>
<u>1,858</u>	<u>2,207</u>		<u>1,858</u>	<u>2,207</u>
<p>The assets held for sale all relate to properties that have been classified as surplus to need. The sale of these assets is expected to be realised within the next reporting period.</p>				
21. Other Financial Assets				
Current				
<u>17,702</u>	<u>7,999</u>	Advances Receivable - Intra Health	<u>17,702</u>	<u>7,999</u>
Non-Current				
<u>32,790</u>	<u>22,364</u>	Advances Receivable - Intra Health	<u>32,790</u>	<u>22,364</u>
<p>Refer to Note 36 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.</p>				
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
401,800	392,315	Gross Carrying Amount	401,800	392,315
<u>(211,006)</u>	<u>(201,805)</u>	Less Accumulated Depreciation and Impairment	<u>(211,006)</u>	<u>(201,805)</u>
<u>190,794</u>	<u>190,510</u>	Net Carrying Amount	<u>190,794</u>	<u>190,510</u>
Plant and Equipment - Fair Value				
222,021	246,944	Gross Carrying Amount	222,021	246,944
<u>(131,660)</u>	<u>(140,107)</u>	Less Accumulated Depreciation and Impairment	<u>(131,660)</u>	<u>(140,107)</u>
<u>90,361</u>	<u>106,837</u>	Net Carrying Amount	<u>90,361</u>	<u>106,837</u>
Infrastructure Systems - Fair Value				
180	180	Gross Carrying Amount	180	180
<u>(97)</u>	<u>(93)</u>	Less Accumulated Depreciation and Impairment	<u>(97)</u>	<u>(93)</u>
<u>83</u>	<u>87</u>	Net Carrying Amount	<u>83</u>	<u>87</u>
Total Property, Plant and Equipment At				
<u>281,238</u>	<u>297,434</u>	Net Carrying Amount	<u>281,238</u>	<u>297,434</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
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22. Property, Plant and Equipment-Reconciliations

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

Parent and Consolidated	Land	Buildings	Leasehold Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2009						
Net Carrying Amount at Start of Year	67,230	118,321	155	97,538	96	283,340
Additions	----	15,614	----	26,638	----	42,252
Assets Held for Sale	(459)	(103)	----	----	----	(562)
Net revaluation Increment less Revaluation						
Decrements Recognised in Reserves	1,477	10,323	----	----	----	11,800
Disposals	----	(1,233)	----	(2,835)	----	(4,068)
Administrative Restructures - Transfers In	----	326	----	2,836	----	3,162
Reclassifications	571	(15,101)	----	14,530	----	----
Depreciation Expense	----	(6,593)	(18)	(31,870)	(9)	(38,490)
Net Carrying amount at end of year	68,819	121,554	137	106,837	87	297,434

Land and Buildings for Health Support Services were revalued by the Land and Property Management Authority on 31 March 2008.

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

Land and Buildings for the NSW Ambulance Service were last revalued by Land and Property Management Authority as at 30 March 2009.

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

Health Administration Corporation
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Parent		Consolidated	
2010	2009	2010	2009
\$000	\$000	\$000	\$000
23. Intangible Assets			
Software			
231,005	167,487	231,005	167,487
(71,091)	(54,924)	(71,091)	(54,924)
<u>159,914</u>	<u>112,563</u>	<u>159,914</u>	<u>112,563</u>
		Total Intangible Assets at Net Carrying Amount	

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23. Intangibles - Reconciliation

Parent and Consolidated

	Software \$000	Total \$000
2010		
Net Carrying Amount at Start of Year	112,495	112,563
Additions (from Internal Development or Acquired Separately)	61,029	61,029
Disposals	(545)	(545)
Reclassifications for Plant & Equipment	3,102	3,102
Amortisation (Recognised in Depreciation and Amortisation)	(16,167)	(16,167)
Net Carrying amount at End of Year	159,914	159,982

	Software \$000	Total \$000
2009		
Net Carrying Amount at Start of Year	73,103	71,908
Additions (from Internal Development or Acquired Separately)	48,462	48,462
Acquisitions through Administrative Restructures	-----	1,195
Amortisation (Recognised in Depreciation and Amortisation)	(9,002)	(9,002)
Net Carrying amount at End of Year	112,563	112,563

Health Administration Corporation
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Parent

Consolidated

2010
\$000

2009
\$000

2010
\$000

2009
\$000

24. Restricted Assets

Category

16,732	14,179	Specific Purposes	16,732	14,179
<u>16,732</u>	<u>14,179</u>		<u>16,732</u>	<u>14,179</u>

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

25. Payables

Current

----	----	Accrued Salaries, Wages and On-Costs	15,781	12,604
707	----	Taxation and Payroll Deductions	6,033	10,945
66,967	62,993	Creditors	66,967	62,993
		Other Creditors		
64,474	36,718	- Capital Works	64,474	36,718
4,585	1,178	- Intra Health Liability	4,585	1,178
7,282	12,979	- Other	7,282	12,979
21,107	23,549	Personnel Services Liability	----	----
<u>165,122</u>	<u>137,417</u>		<u>165,122</u>	<u>137,417</u>

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

26. Borrowings

Current

201	17,946	Loans and Deposits - NSW Department of Health	201	17,946
<u>201</u>	<u>17,946</u>		<u>201</u>	<u>17,946</u>

Non-Current

138	283	Loans and Deposits - NSW Department of Health	138	283
<u>138</u>	<u>283</u>		<u>138</u>	<u>283</u>

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

Health Administration Corporation
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Parent			Consolidated	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
27. Provisions				
Current Employee Benefits and Related On-Costs				
----	----	Annual Leave - Short Term Benefit	60,674	44,920
----	----	Annual Leave - Long Term Benefit	44,295	41,983
----	----	Long Service Leave - Short Term Benefit	11,271	9,493
----	----	Long Service Leave - Long Term Benefit	120,079	89,458
----	----	Death and Disability Award (Ambulance Service of NSW)	7,151	5,450
243,470	191,304	Provision for Personnel Services Liability	----	----
<u>243,470</u>	<u>191,304</u>	Total Current Provisions	<u>243,470</u>	<u>191,304</u>
Non-Current Employee Benefits and Related On-Costs				
----	----	Long Service Leave - Conditional	15,291	12,258
----	----	Sick Leave	55	54
----	----	Death and Disability Award (Ambulance Service of NSW)	2,854	80
18,200	12,392	Provision for Personnel Services Liability	----	----
<u>18,200</u>	<u>12,392</u>	Total Non-Current Employee Benefits and Related On-Costs	<u>18,200</u>	<u>12,392</u>
Non-Current Other				
450	----	Restoration Provisions	450	----
<u>450</u>	----	Total Non-Current Other	<u>450</u>	----
<u>18,650</u>	<u>12,392</u>	Total Non-Current Provisions	<u>18,650</u>	<u>12,392</u>
Aggregate Employee Benefits and Related On-Costs				
243,470	191,304	Provisions - Current	243,470	191,304
18,200	12,392	Provisions - Non-Current	18,200	12,392
----	----	Accrued Salaries and Wages and On-Costs (Note 25)	21,107	23,549
21,107	23,549	Accrued Liability - Purchase of Personnel Services (Note 25)	----	----
<u>282,777</u>	<u>227,245</u>		<u>282,777</u>	<u>227,245</u>
Movements in provisions (other than employee benefits)				
Movements in the restoration provision during the financial year are set out below:				
Carrying Amount at the Beginning of Financial Year				
			----	----
		Additional provisions recognised	439	----
		Unwinding / change in discount rate	11	----
		Carrying Amount at End of Financial Year	<u>450</u>	<u>----</u>

Health Administration Corporation
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Parent		Consolidated	
2010	2009	2010	2009
\$000	\$000	\$000	\$000
28. Other Liabilities			
Current			
3,029	11,457	3,029	11,457
<u>3,029</u>	<u>11,457</u>	<u>3,029</u>	<u>11,457</u>
Non-Current			
105	107	105	107
<u>105</u>	<u>107</u>	<u>105</u>	<u>107</u>

Health Corporation Administration
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29. Commitments for Expenditure

Parent			Consolidated	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
(a) Capital Commitments				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets contracted for at balance date and not provided for :				
27,800	29,417	Not later than one year	27,800	29,417
898	-----	Later than one year and not later than five years	898	-----
<u>28,698</u>	<u>29,417</u>	Total Capital Expenditure Commitments (Including GST)	<u>28,698</u>	<u>29,417</u>
(b) Other Expenditure Commitments				
Aggregate other expenditure contracted for the acquisition of ambulance transports and information technology supplies at balance date but not provided for in the accounts:				
69,216	109,534	Not later than one year	69,216	109,534
2,230	84,279	Later than one year and not later than five years	2,230	84,279
<u>71,446</u>	<u>193,813</u>	Total Other Expenditure Commitments (Including GST)	<u>71,446</u>	<u>193,813</u>
(c) Operating Lease Commitments				
Commitments in relation to non-cancellable operating leases are payable as follows:				
54,220	35,460	Not later than one year	54,220	35,460
135,511	74,291	Later than one year and not later than five years	135,511	74,291
-----	6,676	Later than five years	-----	6,676
<u>189,731</u>	<u>116,427</u>	Total Operating Lease Commitments (Including GST)	<u>189,731</u>	<u>116,427</u>

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

(d) Contingent Asset related to Commitments for Expenditure

The total Commitments for Expenditure above includes input tax credits of \$26.352 million for 2009/10 in relation to both Parent and Consolidated entities that are expected to be recoverable from the Australian Taxation Office. The comparatives for 2008/09 are \$30.878 million for both the Parent and Consolidated entities.

(e) Capital Commitments

The capital commitments above exclude commitments to the value of \$331.987 million (\$281.904 million in 2008/09) that are managed by the Health Infrastructure unit on behalf of Health Services.

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

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

a) Claims on Managed Fund

Since 1 July 1989, the Ambulance Service of NSW (established as a division of HAC with effect from 17 March 2006) has been a member of the NSW Treasury Managed Fund. Other divisions of HAC are also covered from the time of their inception. The Fund will pay to or on behalf of HAC all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by HAC. As such, since 1 July 1989, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against HAC. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July 1989 that were above the limit of insurance held or for matters that were incurred prior to 1 July 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against HAC.

b) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 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 HAC to reliably quantify the benefit to be received.

c) Other Contingent Liabilities

There are no significant contractual disputes in 2009/10. In 2008/09, Health Support Services, a unit of HAC, carried a contractual dispute with an estimated total contingent liability in the range of \$0.5 million to \$2.0 million.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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	Parent	Consolidated
	2010 \$000	2009 \$000
31. Reconciliation of Net Cash Flows from Operating Activities to Net Cost of Services		
Net Cash Flows from Operating Activities	83,169	102,324
Depreciation	(58,301)	(47,492)
Allowance for Impairment	(22,586)	(21,679)
Acceptance by the Crown Entity of Employee Superannuation Benefits	-----	(13,712)
Increase in Provisions	(32,787)	(62,058)
Increase/ (Decrease) in Inventories	500	2,009
Increase in Receivables	50,745	85,131
Increase / (Decrease) in Prepayments and Other Assets	(3,808)	24,658
(Increase)/ Decrease in Creditors	8,827	(41,762)
NSW Department of Health Recurrent Allocations	(464,138)	(430,061)
NSW Department of Health Capital Allocations	(100,023)	(99,574)
Asset Sales Proceeds Transferred to NSW Department of Health	138	1,347
Net Loss on Disposal of Non-Current Assets	(3,528)	(1,909)
Other	(3,009)	-----
Net Cost of Services	(544,801)	(502,778)
32. Non-Cash Financing and Investing Activities		
Assets Received by Administrative Transfer	1,229	2,357
	<u>1,229</u>	<u>2,357</u>

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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*, as amended.

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PARENT AND CONSOLIDATED

34. Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services was \$560.6 million which was 3.7% less than the budget of \$582.4 million after offsets between expenses and revenue. Employee Related Expenses and Sale of Goods and Services were favourable by \$27.6 million and \$13.1 million respectively. This was offset in part by additional Operating Expenses of \$12.5 million and loss on disposal of property, plant & equipment of \$3.5 million.

Result for the Year

The variation from budget was \$26.8 million and largely resulted from the above variations in Net Cost of Services (\$21.8 million plus variations in Government contributions of \$5 million).

Assets and Liabilities

Net assets were \$29.8 million in excess of budget expectation and included an increase of \$46.8 million in Receivables offset predominately by an increase in Payables of \$26.8 million. This largely reflects the role of Health Infrastructure, a unit of HAC, to effect capital transactions on behalf of Health Services and the year end accrual of monies to be paid to Health Services based on work completed but either not invoiced or not yet due for payment.

Cash Flows

Compared to budget, cash increased by \$10.8 million reflecting a combination of Net Cash Flows from Operating Activities \$5.7 million, Net Cash Flows from Financing Activities (\$10.6 million) and Net Cash Flows from Investing Activities \$15.7 million.

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PARENT AND CONSOLIDATED

35. Trust Funds

HAC holds trust fund monies of \$0.182 million which relate to refundable deposits received for future course attendances. These monies are excluded from the financial statements as HAC cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2010	2009	
	\$000	\$000	
Cash Balance at the beginning of the financial reporting period	267	301	Refundable Deposits
Receipts	17	27	
Expenditure	(102)	(61)	
Cash Balance at the end of the financial reporting period	182	267	

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36. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATED

Class	Category	Carrying	Carrying
		Amount	Amount
		2010	2009
		\$000	\$000
Financial Assets			
Cash and Cash Equivalents (Note 17)	N.A.	83,983	102,097
Receivables (Note 18) ¹	Loans & Receivables (at amortised cost)	144,603	94,752
Other Financial Assets (Note 21)	Loans & Receivables (at amortised cost)	50,492	30,363
Total Financial Assets		<u>279,078</u>	<u>227,212</u>
Financial Liabilities			
Borrowings (Note 26)	Financial liabilities measured at amortised cost	339	18,229
Payables (Note 25) ²	Financial liabilities measured at amortised cost	164,127	132,807
		<u>164,466</u>	<u>151,036</u>

Notes

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

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

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(b) Credit Risk

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

Credit risk arises from financial assets of HAC, including cash and receivables. No collateral is held by HAC nor has it granted any financial guarantees.

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

Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates between 3.59% and 3.85% in 2009/10 compared to 4.38% to 5.33% in the previous year. The TCorp Hour-Glass cash facility is discussed in para (d) below.

Receivables - trade debtors

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

HAC is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Of the total trade debtors balance at year-end, \$103.623M (2009: \$65.300M) related to debtors that were not past due and not considered impaired and debtors of \$40.980M (2009: \$29.452M) were past due but not considered impaired. Together these represent 84.2% (2009:80.5%) of total trade debtors. Receivables include Compensables which are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the debtors relate to Ambulance Transport of private individuals. Ambulance invoices are generally issued under 21 day payment terms.

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

\$000			
2010	Total	Past Due but not impaired (1,2)	Considered Impaired(1,2)
<3 months overdue	35,495	17,723	17,772
3 months - 6 months overdue	10,380	4,649	5,731
> 6 months overdue	22,165	18,608	3,557
Total	68,040	40,980	27,060
\$000			
2009		Past Due but not impaired (1,2)	Considered Impaired(1,2)
<3 months overdue	30,865	16,611	14,254
3 months - 6 months overdue	10,725	4,618	6,107
> 6 months overdue	10,813	8,223	2,590
Total	52,403	29,452	22,951

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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(c) Liquidity Risk

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

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

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

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

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount	Variable Interest Rate	Fixed Interest Rate	Non - Interest Bearing	Maturity Dates		Weighted Average Effective int. rate
					< 1 Yr	1-5 Yr	
2010	\$000	\$000	\$000	\$000	\$000	\$000	%
Payables:							
Accrued Salaries, Wages, On-Costs and Payroll Deductions	21,049	----	----	21,049	21,049	----	----
Creditors	143,078	----	----	143,078	143,078	----	----
Borrowings- Other Loans and Deposits	339	283	----	56	201	138	7.3
Total	164,466	283	----	164,183	164,328	138	7.3
2009							
Payables:							
Accrued Salaries, Wages, On-Costs and Payroll Deductions	18,939	----	----	18,939	18,939	----	----
Creditors	113,868	----	----	113,868	113,868	----	----
Borrowings- Other Loans and Deposits	18,229	----	----	18,229	17,946	283	----
Total	151,036	----	----	151,036	150,753	283	----

Notes:

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

(d) Market Risk

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

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

Interest rate risk

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

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

		\$'000			
		-1%		+1%	
Carrying Amount		Result	Equity	Result	Equity
2010					
Financial assets					
Cash and Cash Equivalents	83,983	(840)	(840)	840	840
Receivables	144,603	----	----	----	----
Other Financial Assets	50,492	(505)	(505)	505	505
Financial liabilities					
Payables	164,127	----	----	----	----
Borrowings	339	3	3	(3)	(3)
2009					
Financial assets					
Cash and Cash Equivalents	102,097	(1,021)	(1,021)	1,021	1,021
Receivables	94,752	----	----	----	----
Other Financial Assets	30,363	(304)	(304)	304	304
Financial liabilities					
Payables	132,807	----	----	----	----
Borrowings	18,229	182	182	(182)	(182)

Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2010 \$000	2009 \$000
Cash facility	Cash, money market instruments	Up to 1.5 years	14,954	14,315

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

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

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

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

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

	Change in unit price	Impact on profit/loss	
		2010 \$'000	2009 \$000
Hour-Glass Investment - Cash facility	1%	150	143

e) Fair Value Compared to Carrying Amount

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

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

f) Fair Value recognised in the Statement of Financial Position

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

Level 1 - derived from quoted prices in active markets for identical assets/liabilities.

Level 2- derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

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	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2010 Total \$000
TCorp Hour-Glass Invt. Facility	-----	14,954	-----	14,954

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

There were no transfers between level 1 and 2 during the period ended 30 June 2010.

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37. Increase in Assets from Equity Transfer

In 2009/10 HAC has received the benefit of \$3.342 million in net assets following the transfer of warehousing services from several Health Services.

In 2008/09 HAC received the benefit of \$2.357 million in transfers from Health Services and the NSW Department of Health (food services \$0.836 million, warehouse services \$0.326 million and intangibles \$1.195 million),

Details are as follows:

	2010 \$000	2009 \$000
Assets		
Current Assets		
Inventory	4,991	635
Total Current Assets	<u>4,991</u>	<u>635</u>
Non-Current Assets		
Buildings	-----	326
Plant & Equipment	1,229	2,836
Intangibles	-----	1,195
Other Financial Assets	22,759	-----
Total Non-Current Assets	<u>23,988</u>	<u>4,357</u>
Total Assets	<u>28,979</u>	<u>4,992</u>
Liabilities		
Current Liabilities		
Leave Provisions	25,637	2,635
Total Liabilities	<u>25,637</u>	<u>2,635</u>
Net Assets	<u>3,342</u>	<u>2,357</u>

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Notes to and forming part of the Financial Statement for the year ended 30 June 2010

38. Post Balance Date Events

The HAC financial statements include several units as shown in Note 1 including the Institute of Medical Education and Training (IMET).

With effect from 1 July 2010 IMET ceases to operate as a unit of HAC and, from this date, its functions are assumed by the Clinical Education and Training Institute (CETI) which has been established as a Statutory Health Corporation under the *Health Services Act 1997* and will support innovative multi-disciplinary training to ensure that the health workforce is equipped to meet current and future challenges in delivering health care.

From 1 July 2010 "Policy and Technical Support" will be established as a further unit of HAC and will provide a range of services to newly created statutory health corporations such as CETI, the Agency for Clinical Innovation and the Bureau of Health Information, each of these entities being established as a positive response to the recommendations offered following the Special Commission of Inquiry into Acute Services in NSW Public Hospitals.

END OF AUDITED FINANCIAL STATEMENTS