



South West  
Healthcare

Financial  
Statements  
2011

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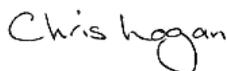
## Board member's, accountable officer's and chief finance & accounting officer's declaration

We certify that the attached financial statements for South West Healthcare have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act* 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and the financial position of South West Healthcare at 30 June 2011.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day.



Chris Logan  
Chairperson

Warrnambool  
22 August 2011



John Krygger  
Chief Executive Officer

Warrnambool  
22 August 2011



Andrew Trigg  
Chief Finance & Accounting Officer

Warrnambool  
22 August 2011

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, South West Healthcare

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of South West Healthcare which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance and accounting officer's declaration has been audited.

#### *The Board Members' Responsibility for the Financial Report*

The Board Members of South West Healthcare are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

#### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

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*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of South West Healthcare as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of South West Healthcare for the year ended 30 June 2011 included both in South West Healthcare's annual report and on the website. The Board Members of South West Healthcare are responsible for the integrity of South West Healthcare's website. I have not been engaged to report on the integrity of South West Healthcare's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
22 August 2011



D D R Pearson  
Auditor-General

## COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010 \$000
REVENUE FROM OPERATING ACTIVITIES	2	115,369	103,762
REVENUE FROM NON-OPERATING ACTIVITIES	2	659	588
Employee Benefits	3	(76,920)	(69,518)
Non Salary Labour Costs	3	(7,612)	(7,657)
Supplies & Consumables	3	(14,292)	(13,058)
Other Expenses From Continuing Operations	3	(17,898)	(13,366)
Share of Net Result of Joint Venture Accounted for using the Equity method	10	-	(129)
<b>NET RESULT BEFORE CAPITAL AND SPECIFIC ITEMS</b>		<b>(694)</b>	<b>622</b>
Capital Purpose Income	2	44,953	28,550
Depreciation and Amortisation	4	(5,538)	(5,850)
Finance Costs	5	(3)	(1)
Expenditure Using Capital Purpose Income	3	(183)	(54)
<b>NET RESULT FOR THE YEAR</b>		<b>38,535</b>	<b>23,267</b>
<b>Other Comprehensive Income</b>			
Net fair value revaluation on Non Financial Assets		-	-
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>38,535</b>	<b>23,267</b>

This Statement should be read in conjunction with the accompanying notes

# APPENDIX 4 FINANCIAL STATEMENTS 2011

## BALANCE SHEET AS AT 30 JUNE 2011

ASSETS	Note	2011 \$000	2010 \$000
<b>Current Assets</b>			
Cash and Cash Equivalents	6	11,584	15,405
Receivables	7	3,746	3,410
Inventories	8	1,311	1,686
Other Assets	9	131	
<b>Total Current Assets</b>		<b>16,772</b>	<b>20,501</b>
<b>Non Current Assets</b>			
Receivables	7	569	222
Investments Accounted for using the Equity Method	10	-	215
Property, Plant & Equipment	11	141,297	98,439
<b>Total Non-Current Assets</b>		<b>141,866</b>	<b>98,876</b>
<b>TOTAL ASSETS</b>		<b>158,638</b>	<b>119,377</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	12	6,961	7,734
Borrowings	13	-	5
Provisions	14	16,050	14,371
Other Liabilities	15	451	373
<b>Total Current Liabilities</b>		<b>23,462</b>	<b>22,483</b>
<b>Non Current Liabilities</b>			
Payables	12		356
Provisions	14	1,719	1,616
<b>Total Non-Current Liabilities</b>		<b>1,719</b>	<b>1,972</b>
<b>TOTAL LIABILITIES</b>		<b>25,181</b>	<b>24,455</b>
<b>NET ASSETS</b>		<b>133,457</b>	<b>94,922</b>
<b>EQUITY</b>			
Property, Plant & Equipment Revaluation Reserve	16a	13,749	13,749
Restricted Specific Purpose Reserve	16a	22	22
Contributed Capital	16b	66,744	66,744
Accumulated Surpluses / (Deficits)	16c	52,942	14,407
<b>TOTAL EQUITY</b>	<b>16d</b>	<b>133,457</b>	<b>94,922</b>
Contingent Assets and Contingent Liabilities	20		
Commitments for Expenditure	19		

This Statement should be read in conjunction with the accompanying notes

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Note	Property, Plant & Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributions by Owners \$'000	Accumulated Surpluses / (Deficits) \$'000	\$'000
<b>Restated balance at 1 July 2009</b>		<b>13,749</b>	<b>22</b>	<b>66,744</b>	<b>(8,860)</b>	<b>71,655</b>
Net result for the year as restated	16c	-	-	-	23,267	23,267
<b>Restated balance at 30 June 2010</b>		<b>13,749</b>	<b>22</b>	<b>66,744</b>	<b>14,407</b>	<b>94,922</b>
Net result for the year	16c	-	-	-	38,535	38,535
<b>Balance at 30 June 2011</b>		<b>13,749</b>	<b>22</b>	<b>66,744</b>	<b>52,942</b>	<b>133,457</b>

This Statement should be read in conjunction with the accompanying notes

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		102,743	92,484
Patient Fees Received		3,261	2,677
Private Practice Fees Received		217	364
Interest Received		695	489
Other Receipts Received		7,492	5,700
GST Received from/ (paid to) ATO		6,823	4,150
Employee Benefits paid		(76,651)	(68,620)
Fee for service Medical Officers		(7,612)	(7,657)
Payments for Supplies & Consumables		(18,781)	(16,481)
Other Payments		(18,658)	(12,829)
<b>Cash Generated from Operations</b>		<b>(471)</b>	<b>277</b>
Capital Grants from Government		42,172	26,876
Capital Donations and Bequests Received		1,337	732
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	17	<b>43,038</b>	<b>27,885</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Non-Financial Assets		(47,783)	(22,020)
Proceeds from Sale of Non-Financial Assets		901	767
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(46,882)</b>	<b>(21,253)</b>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>		<b>(3,844)</b>	<b>6,632</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD</b>		15,010	8,378
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	6	<b>11,166</b>	<b>15,010</b>

This Statement should be read in conjunction with the accompanying notes

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements are a general purpose financial report which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

The Health Service is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Health Services under the AASs.

The annual financial statements were authorised for issue by the Board of South West Healthcare on 22 August 2011.

### (b) Basis of accounting preparation and measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Health Service.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- The fair value of assets other than land is generally based on their depreciated replacement value

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

### (c) Reporting Entity

The financial statements include all the controlled activities of South West Healthcare.

Its principal address is:

Ryot Street  
Warrnambool  
Victoria 3280.

A description of the nature of South West Healthcare's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

### (d) Principles of Consolidation

#### Intersegment Transactions

Transactions between segments within the South West Healthcare have been eliminated to reflect the extent of the South West Healthcare's operations as a group.

#### Joint ventures

Investments in a joint venture partnership are accounted for using the equity method of accounting. Under the equity method for accounting, South West Healthcare's share of the post-acquisition profits or losses of the joint venture partnership is recognised in the net result and its share of post-acquisition changes in revaluation surpluses and any other reserves and any other reserves, are recognised in both the comprehensive operating statement and the statement of changes in equity.

Details of the joint venture are set out in note 10.

#### Jointly controlled assets

Interests in jointly controlled assets are accounted for by recognising in South West Healthcare's financial statements its proportionate share of the assets, liabilities and any income and expenses of such assets.

Details of jointly controlled assets are set out in Note 24.

## (e) Scope and presentation of financial statements

### Fund Accounting

The South West Healthcare operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The South West Healthcare's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

### Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

## Residential Aged Care Service

The *South West Healthcare Residential Aged Care Service* operations are an integral part of South West Healthcare and shares its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation, in Note 2b to the financial statements.

## Comprehensive operating statement

The Comprehensive operating statement includes the subtotal entitled 'Net result Before Capital & Specific Items' to enhance the understanding of the financial performance of South West Healthcare. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net result Before Capital & Specific Items' is used by the management of South West Healthcare, the Department of Health and the Victorian Government to measure the ongoing performance of Health Services in operating hospital services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Depreciation and amortisation, as described in Note 1 (h)
- Assets provided or received free of charge (refer to Note 1 (g) and (h))
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

## Balance sheet

Assets and liabilities are categorised either as current or non-current.

## Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

## Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

## (f) Change in Accounting Policies

South West Healthcare had a 15.81% interest in the joint venture of South West Alliance for Rural Health (SWARH) as at 30th June 2010 amounting to \$215,184. This investment in the joint venture was previously treated as an investment in a jointly controlled entity. From 1 July 2010, this investment has been accounted for as an interest in a jointly controlled asset. The change in accounting policy is a result of a review of the accounting treatment under the joint venture agreement.

As at 30 June 2011 this investment is disclosed as a Jointly Controlled Asset, split into the relative class of revenue, expenditure, assets and liabilities per the health Service's share of SWARH result and position.

For the year ended 30 June 2010, the impact of this change in nil.

Previous disclosure 2009/10 Published Financial Statements;

- Recognition of health services share of operating result of SWARH (\$128,654 deficit), as an individual line item in the Comprehensive Operating Statement; and
- Investment accounted for using the equity method as a non current asset in the balance sheet for \$215,184.

Under new Accounting Policy this investment would have been disclosed in 2009/10 as follows;

- Revenue class items amounting to \$892,799 expenditure class items amounting to \$(1,021,453). Net result \$(128,654); and
- Current assets items amounting to \$1,970,170, non-current items amounting to \$32,244 and current liability items amounting to \$(1,767,250) and non current liabilities items amounting to \$(19,980). Resulting in a net asset position for the investment in SWARH jointly controlled assets of \$215,184

Refer to Note 10 Investment accounted for using the equity method for disclosure relating to 2009/10 and to Note 24 Interest in Jointly Controlled Asset for the disclosure of this investment in 2010/11.

## (g) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to South West Healthcare and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

## Government Grants and other transfers of income (other than contributions by owners)

Grants are recognised as income when the Health Service gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants the Health Service is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants the Health Service is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

## Indirect Contributions from the Department of Health

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 14/2009.

## Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised.

## Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised.

## Revenue from commercial activities

Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised.

## Donations and Other Bequests

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a reserve, such as the specific restricted purpose reserve.

## Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

## Sale of investments

The gain/loss on the sale of investments is recognised when the investment is realised.

## Resources Provided and Received Free of Charge or for Nominal Consideration

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

## (h) Expense Recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

## Cost of Goods Sold

Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

## Employee expenses

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

## Defined contribution plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

## Defined benefit plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Employees of South West Healthcare are entitled to receive superannuation benefits and South West Healthcare contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by South West Healthcare are as follows:

Fund	Contributions Paid or Payable for the year	
	2011	2010
	\$'000	\$'000
<b>Defined benefit plans:</b>		
Health Super Fund	469	487
State Superannuation Fund	148	135
<b>Defined contribution plans:</b>		
Health Super Fund	4,775	4,440
Hesta Super Fund	787	656

## Depreciation

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land and investment properties. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

The following table indicates the expected useful lives of non current assets on which the depreciation charges are based.

	2011	2010
<b>Buildings</b>		
- Structure Shell Building Fabric	Up to 42 years	Up to 42 years
- Site Engineering Services and Central Plant	Up to 30 years	Up to 30 years
<b>Central Plant</b>		
- Fit Out	Up to 30 years	Up to 30 years
- Trunk Reticulated Building Systems	Up to 30 years	Up to 30 years
<b>Plant &amp; Equipment</b>	Up to 30 years	Up to 30 years
<b>Medical Equipment</b>	Up to 20 years	Up to 20 years
<b>Computers and Communication</b>	Up to 5 years	Up to 5 years
<b>Furniture and Fitting</b>	Up to 20 years	Up to 20 years
<b>Motor Vehicles</b>	Up to 13 years	Up to 13 years
<b>Leasehold Improvements</b>	Up to 7 Years	Up to 7 Years

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

## Finance Costs

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

Finance costs include:

finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

## Resources Provided or Received Free of Charge or for Nominal Consideration

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

## (i) Financial assets

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

### Receivables

Receivables consist of:

- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- Contractual receivables, which includes of mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

### Investments and Other Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;

- Loans and receivables; and
- Available-for-sale financial assets.

South West Healthcare classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

South West Healthcare assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment.

### Loans and receivables

Trade receivables, loans, term deposits with maturity greater than three months and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three months are also measured at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

### Held-to-maturity investments

Where the Health Service has the positive intent and ability to hold investments to maturity, they are measured at amortised cost less impairment losses.

### Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

## (j) Non-Financial Assets

### Inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It includes land held for sale and excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost is assigned to land for sale (undeveloped, under development and developed) and to other high value, low volume inventory items on a specific identification of cost basis.

Cost for all other inventory is measured on the basis of weighted average cost.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

Inventories acquired at no cost or for nominal consideration are measured at current replacement cost at the date of acquisition.

## Property, Plant and Equipment

**All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.**

**Crown Land** is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

**Land and Buildings** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

## Revaluations of Non-current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103D *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus are normally not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103D, South West Healthcare's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

## Other non-financial assets

### Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

## Impairment of Non-Financial Assets

Apart from intangible assets with indefinite useful lives, all other assets are assessed annually for indications of impairment, except for:

- inventories;
- financial assets;
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

## (k) Liabilities

### Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

### Borrowings

Borrowings in the balance sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 18.

### Provisions

Provisions are recognised when the Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

## Employee Benefits

### **Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off**

Liabilities for wages and salaries, including non-monetary benefits, annual leave accumulating sick leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

### **Long Service Leave**

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

**Current Liability – unconditional LSL** (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where the South West Healthcare does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the South West Healthcare does not expect to settle within 12 months; and
- nominal value – component that the South West Healthcare expects to settle within 12 months.

**Non-Current Liability – conditional LSL** (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

### **Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

### **On-Costs**

Employee benefit on-costs, such as payroll tax, workers compensation and superannuation are recognised together with provisions for employee benefits.

### **Superannuation liabilities**

South West Healthcare does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial statements.

## (l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### **Finance Leases**

#### **Entity as lessee**

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement.

### **Operating Leases**

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

## (m) Equity

### **Contributed Capital**

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119 *Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

### **Property, Plant & Equipment Revaluation Reserve**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

### **Specific Restricted Purpose Reserve**

A specific restricted purpose reserve is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

## (n) Commitments for expenditure

Commitments for expenditure are not recognised on the balance sheet. Commitments for expenditure are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

## (o) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

## (p) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

Commitments for expenditure and contingent assets and liabilities are presented on a gross basis.

## (q) Rounding of Amounts

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

## (r) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period.

As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2011.

The Health Service has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 <i>Related Party Disclosures (Dec 2009)</i>	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]</i>	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASBs.	Beginning 1 Jan 2011	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments. Detail of impact is still being assessed.

# APPENDIX 4 NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets.  Detail of impact is still being assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards.  Detail of impact is still being assessed.

# APPENDIX 4 NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i> [AASB 112]	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i> .	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-9 <i>Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

## (s) Category Groups

South West Healthcare has used the following category groups for reporting purposes for the current and previous financial years.

**Admitted Patient Services (Admitted Patients)** comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

**Mental Health Services (Mental Health)** comprises all recurrent health revenue/expenditure on specialised mental Health Services (child and adolescent, general and adult, community and forensic) managed or funded by the state or territory health administrations, and includes: Admitted patient services (including forensic mental health), outpatient services, emergency department services (where it is possible to separate emergency department mental Health Services), community-based services, residential and ambulatory services.

**Outpatient Services (Outpatients)** comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic aids or palliative care.

**Emergency Department Services (EDS)** comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

**Aged Care & Home Care** comprises revenue/expenditure from Home and Community Care (HACC) programs, Allied Health, Aged Care Assessment and support services.

**Primary Health** comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

**Off Campus, Ambulatory Services (Ambulatory)** comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital's i.e. in rural/remote areas.

**Residential Aged Care including Mental Health (RAC incl. Mental Health)** referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DH under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

**Other Services excluded from Australian Health Care Agreement (AHCA) (Other)** comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses / Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health services including general and specialist dental care, school dental services and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

## NOTE 2: REVENUE

	HSA 2011 \$000	HSA 2010 \$000	H&CI 2011 \$000	H&CI 2010 \$000	Total 2011 \$000	Total 2010 \$000
<b>Revenue from Operating Activities</b>						
Government Grants						
- Department of Health	94,472	88,677	-	-	94,472	88,677
- Dental Health Services Victoria	1,284	1,447	-	-	1,284	1,447
- Commonwealth Government					0	
- Residential Aged Care Subsidy	2,072	1,651	-	-	2,072	1,651
- Other	2,661	1,544	-	-	2,661	1,544
<b>Total Government Grants</b>	<b>100,489</b>	<b>93,319</b>	<b>-</b>	<b>-</b>	<b>100,489</b>	<b>93,319</b>
Indirect Contributions by Department of Health						
- Insurance	2,831	2,155	-	-	2,831	2,155
- Long Service Leave	346	223	-	-	346	223
<b>Total Indirect Contributions by Department of Health</b>	<b>3,177</b>	<b>2,378</b>	<b>-</b>	<b>-</b>	<b>3,177</b>	<b>2,378</b>
Patient and Resident Fees (refer note 2b)	3,171	2,619	-	-	3,171	2,619
<b>Total Patient &amp; Resident Fees</b>	<b>3,171</b>	<b>2,619</b>	<b>-</b>	<b>-</b>	<b>3,171</b>	<b>2,619</b>
<b>Business Units &amp; Specific Purpose Funds</b>						
Private Practice Fees	-	-	227	374	227	374
Catering & Commissions	-	-	342	319	342	319
Sales	-	-	1,918	1,823	1,918	1,823
Training & Staff development	-	-	123	14	123	14
Fundraising	-	-	17	68	17	68
Linen Service	-	-	934	938	934	938
Property Income	-	-	335	324	335	324
Other	-	-	62	34	62	34
<b>Total Business Units &amp; Specific Purpose Funds</b>	<b>-</b>	<b>-</b>	<b>3,958</b>	<b>3,894</b>	<b>3,958</b>	<b>3,894</b>
Other Revenue from operating Activities	4,574	1,552	-	-	4,574	1,552
Share of Net Result of JV accounted for using Equity Model		(129)	-	-	0	(129)
<b>Sub -Total Revenue from Operating Activities</b>	<b>111,411</b>	<b>99,739</b>	<b>3,958</b>	<b>3,894</b>	<b>115,369</b>	<b>103,633</b>
<b>Revenue from Non Operating Activities</b>						
Interest	-	-	659	588	659	588
<b>Sub-Total Revenue from Non Operating Activities</b>	<b>-</b>	<b>-</b>	<b>659</b>	<b>588</b>	<b>659</b>	<b>588</b>
<b>Revenue from Capital Purpose Income</b>						
State Government Capital Grants						
- Equipment and Infrastructure	1,641	545	-	-	1,641	545
- Capital Redevelopment Grants	42,133	27,367	-	-	42,133	27,367
Commonwealth Government Capital Grants			-	-	-	-
Residential Accommodation Payments (refer to note 2b)	155	166	-	-	155	166
Net Gain / (Loss) on Sale of Non-Financial Assets (refer to note 2c)			(84)	(30)	(84)	(30)
Donations and Bequests			1,108	502	1,108	502
<b>Sub -Total Revenue from Capital Purpose Income</b>	<b>43,929</b>	<b>28,078</b>	<b>1,024</b>	<b>472</b>	<b>44,953</b>	<b>28,550</b>
<b>Total Revenue</b> (refer to note 2a)	<b>155,340</b>	<b>127,817</b>	<b>5,641</b>	<b>4,954</b>	<b>160,981</b>	<b>132,771</b>

Indirect contributions by Department of Health:

Department of Health makes insurance payments on behalf of the Health Services. These amounts have been brought into account in determining the operating result for the year by recording them as revenue and expenses.



**NOTE 2b: PATIENTS AND RESIDENT FEES**

<b>Patient &amp; Resident Fees Raised</b>	<b>Total 2011 \$000</b>	<b>Total 2010 \$000</b>
<b>Recurrent</b>		
<b>Acute</b>		
- Inpatients	1,879	1,312
- Outpatients	781	785
<b>Residential Aged Care</b>		
- Nursing Home	511	522
<b>Total Recurrent</b>	<b>3,171</b>	<b>2,619</b>
<b>Capital Purpose:</b>		
Residential Accommodation Payments	155	166
<b>Total Capital</b>	<b>155</b>	<b>166</b>

**NOTE 2c: NET GAIN / (LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS**

	<b>Total 2011 \$000</b>	<b>Total 2010 \$000</b>
<b>Proceeds from Disposal of Non-Current Assets</b>		
Plant & Equipment	-	44
Motor Vehicles	901	1,039
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>901</b>	<b>1,083</b>
<b>Less: Written Down Value of Non Current Assets Sold</b>		
Plant & Equipment	10	36
Motor Vehicles	975	1,077
<b>Total Written Down Value of Non Current Assets Sold</b>	<b>985</b>	<b>1,113</b>
<b>Net Gains / (Loss) on Disposal of Non-Current Assets</b>	<b>(84)</b>	<b>(30)</b>

## NOTE 3: EXPENSES

	HSA 2011 \$000	HSA 2010 \$000	H&CI 2011 \$000	H&CI 2010 \$000	Total 2011 \$000	Total 2010 \$000
<b>Employee Benefits</b>						
Salaries & Wages	67,007	60,686	1,057	927	68,064	61,613
Workcover	728	500	20	10	748	510
Long Service Leave	1,922	1,658	8	22	1,930	1,680
Superannuation	6,127	5,625	51	90	6,178	5,715
<b>Total Employee Benefits</b>	<b>75,784</b>	<b>68,469</b>	<b>1,136</b>	<b>1,049</b>	<b>76,920</b>	<b>69,518</b>
<b>Non Salary Labour Costs</b>						
Fee for Service Medical Officers	7,612	7,657	-	-	7,612	7,657
<b>Supplies &amp; Consumables</b>						
Drug Supplies	4,922	4,040	-	-	4,922	4,040
Medical & Surgical Supplies	7,821	7,426	171	365	7,992	7,791
Food Supplies	1,029	877	349	350	1,378	1,227
<b>Total Supplies &amp; Consumables</b>	<b>13,772</b>	<b>12,343</b>	<b>520</b>	<b>715</b>	<b>14,292</b>	<b>13,058</b>
<b>Other Expenses from Continuing Operations</b>						
Domestic Services and Supplies	1,383	1,293	25	225	1,408	1,518
Fuel Light Power & Water	928	792	120	118	1,048	910
Insurance Costs Funded by DH	2,831	2,156	-	-	2,831	2,156
Repairs & Maintenance	1,413	1,092	232	488	1,645	1,580
Maintenance Contracts	557	437	-	5	557	442
Motor Vehicles	458	544	32	16	490	560
Administrative Expenses	8,020	4,892	573	127	8,593	5,019
Patient Transport	1,221	1,072	-	-	1,221	1,072
Bad Debts	3	7	-	-	3	7
Audit Fees - VAGO Audit of Financial statements	42	42	1	-	43	42
Audit Fees - Other	59	60	-	-	59	60
<b>Total Other Expenses from Continuing Operations</b>	<b>16,915</b>	<b>12,387</b>	<b>983</b>	<b>979</b>	<b>17,898</b>	<b>13,366</b>
<b>Expenditure using Capital Purpose Income</b>						
Other Expenses	183	54	-	-	183	54
<b>Total Expenditure using Capital Purpose Income</b>	<b>183</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>183</b>	<b>54</b>
Depreciation and Amortisation	-	-	5,538	5,850	5,538	5,850
Finance Costs	3	1	-	-	3	1
<b>Total Expenses</b>	<b>114,269</b>	<b>100,911</b>	<b>8,177</b>	<b>8,593</b>	<b>122,446</b>	<b>109,504</b>

# APPENDIX 4 NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## NOTE 3a: ANALYSIS OF EXPENSES BY SOURCE

	Admitted Patients	Outpatients	EDS	Ambulatory	Aged & Home Care	RAC	Mental Health	Primary Health	Other	Total
	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000
<b>Services Supported by Health Services Agreement</b>										
Employee Benefits	46,472	3,404	2,651	3,298	1,599	2,219	11,946	1,663	2,532	75,784
Non salary labor benefits	7,608	-	-	-	-	4	-	-	-	7,612
Supplies & consumables	10,175	745	581	722	350	46	235	364	554	13,772
Other Expenses from continuing operations	10,830	793	618	768	372	198	2,358	388	590	16,915
Finance Costs (refer note 5)	3	-	-	-	-	-	-	-	-	3
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>75,088</b>	<b>4,942</b>	<b>3,850</b>	<b>4,788</b>	<b>2,321</b>	<b>2,467</b>	<b>14,539</b>	<b>2,415</b>	<b>3,676</b>	<b>114,086</b>
<b>Services Supported by Hospital and Community Initiatives</b>										
Employee Benefits	-	-	-	-	-	-	-	-	1,136	1,136
Supplies & Consumables	-	-	-	-	-	-	-	-	520	520
Other Expenses from continuing operations	-	-	-	-	-	-	-	-	983	983
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-	-	-	5,538	5,538
<b>Sub-Total Expenses from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,177</b>	<b>8,177</b>
<b>Services Supported by Capital Sources</b>										
Other Expenses	-	-	-	-	-	-	-	-	183	183
<b>Sub-Total Expenses from Services Supported by Capital Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183</b>	<b>183</b>
<b>Total Expenses</b>	<b>75,088</b>	<b>4,942</b>	<b>3,850</b>	<b>4,788</b>	<b>2,321</b>	<b>2,467</b>	<b>14,539</b>	<b>2,415</b>	<b>12,036</b>	<b>122,446</b>

	Admitted Patients	Outpatients	EDS	Ambulatory	Aged & Home Care	RAC	Mental Health	Primary Health	Other	Total
	2010 \$000	2010 \$000	2010 \$000	2010 \$000	2010 \$000	2010 \$000	2010 \$000	2010 \$000	2010 \$000	2010 \$000
<b>Services Supported by Health Services Agreement</b>										
Employee Benefits	39,741	3,201	2,526	2,942	1,678	2,174	11,224	1,468	3,516	68,470
Non salary labor benefits	7,653	-	-	-	-	4	-	-	-	7,657
Supplies & consumables	8,722	703	554	646	368	52	205	322	772	12,344
Other Expenses from continuing operations	7,099	570	450	524	299	198	2,358	261	626	12,385
Finance Costs (refer note 5)	1	-	-	-	-	-	-	-	-	1
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>63,216</b>	<b>4,474</b>	<b>3,530</b>	<b>4,112</b>	<b>2,345</b>	<b>2,428</b>	<b>13,787</b>	<b>2,051</b>	<b>4,914</b>	<b>100,857</b>
<b>Services Supported by Hospital and Community Initiatives</b>										
Employee Benefits	-	-	-	-	-	-	-	-	1,048	1,048
Supplies & Consumables	-	-	-	-	-	-	-	-	525	525
Other Expenses from continuing operations	-	-	-	-	-	-	-	-	1,170	1,170
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-	-	-	5,850	5,850
<b>Sub-Total Expenses from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,593</b>	<b>8,593</b>
<b>Services Supported by Capital Sources</b>										
Other Expenses	-	-	-	-	-	-	-	-	54	54
<b>Sub-Total Expenses from Services Supported by Capital Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>54</b>
<b>Total Expenses</b>	<b>63,216</b>	<b>4,474</b>	<b>3,530</b>	<b>4,112</b>	<b>2,345</b>	<b>2,428</b>	<b>13,787</b>	<b>2,051</b>	<b>13,561</b>	<b>109,504</b>

## NOTE 4: DEPRECIATION & AMORTISATION

	2011 \$000	2010 \$000
<b>Depreciation</b>		
Buildings	3,656	4,115
Plant & Equipment	332	213
Medical Equipment	598	641
Computers & Communications	346	292
Furniture and Fittings	102	90
Motor Vehicles	500	495
<b>Total Depreciation</b>	<b>5,534</b>	<b>5,846</b>
<b>Amortisation</b>		
Leased Assets	4	4
Total Amortisation	4	4
<b>Total Depreciation &amp; Amortisation</b>	<b>5,538</b>	<b>5,850</b>

## NOTE 5: FINANCE COSTS

	2011 \$000	2010 \$000
Finance Charges on Finance Leases	3	1
<b>TOTAL</b>	<b>3</b>	<b>1</b>

## NOTE 6: CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	2011 \$000	2010 \$000
Cash on Hand	4	4
Cash at Bank	2,034	1,355
Deposits at Call	9,546	14,046
<b>Cash at End of Reporting Period</b>	<b>11,584</b>	<b>15,405</b>
<b>Represented by:</b>		
Cash for Health Service Operations (as per Cash Flow Statement)	11,166	15,010
Cash at Bank South West Alliance of Rural Health	(54)	-
Cash for Monies Held in Trust		
- Endowment Fund	22	22
- Deposits at Call	450	373
<b>TOTAL</b>	<b>11,584</b>	<b>15,405</b>

## NOTE 7: RECEIVABLES

	2011 \$000	2010 \$000
<b>Current</b>		
<b>Contractual</b>		
Acute - Inpatient	254	374
Acute - Outpatient	63	79
Aged Care - Nursing Home	70	51
Regional Institutions	1,385	1,842
South West Alliance of Rural Health (SWARH)	560	-
Linen Service Debtors	136	150
Accrued Investment Income	164	200
Less Provision for Bad Debts	(24)	(12)
	<b>2,608</b>	<b>2,684</b>
<b>Statutory</b>		
GST Receivable	637	367
Accrued Government Grants	501	359
	1,138	726
<b>Total Current Receivables</b>	<b>3,746</b>	<b>3,410</b>
<b>Non Current</b>		
<b>Statutory</b>		
Long Service Leave - DHS	569	222
<b>Total Non Current Receivables</b>	<b>569</b>	<b>222</b>
<b>Total Receivables</b>	<b>4,315</b>	<b>3,632</b>
<b>(a) Movement in the Allowance for doubtful debts</b>		
Balance at beginning of year	12	12
Amounts written off during the year	(5)	(7)
Amounts recovered during the year	17	7
<b>Balance at end of year</b>	<b>24</b>	<b>12</b>

### (b) Ageing analysis of receivables

Please refer to note 18 (b) for the ageing analysis of receivables

### (c) Nature and extent of risk arising from receivables

Please refer to note 18 (b) for the nature and extent of credit risk arising from receivables

## NOTE 8: INVENTORIES

	2011 \$000	2010 \$000
Pharmaceuticals at cost	420	369
General Supplies at cost	378	811
Kiosk & Healthcare Shop Supplies at cost	114	110
Bulk Linen Store - Linen Service at cost	133	152
Linen in Use at Net Realisable Value	241	244
South West Alliance of Rural Health at cost	25	-
<b>Total Inventories</b>	<b>1,311</b>	<b>1,686</b>

**NOTE 9: OTHER ASSETS**

	2011 \$000	2010 \$000
Prepayments	52	-
South West Alliance of Rural Health	79	-
<b>Total Other Assets</b>	<b>131</b>	<b>-</b>

**NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	2011 \$000	2010 \$000
<b>Investment in Jointly Controlled Entities</b>	<b>-</b>	<b>215</b>

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest	
			2011 \$000	2010 \$000
<b>Jointly Controlled Entities</b>				
South West Alliance of Rural Health (SWARH)	Information Technology Services	Australia		15.81

**Summarised Financial Information of Jointly Controlled Entities:**

	2011 \$000	2010 \$000
<b>CURRENT ASSETS</b>	<b>-</b>	<b>1,970</b>
<b>NON-CURRENT ASSETS</b>	<b>-</b>	<b>32</b>
<b>SHARE OF TOTAL ASSETS</b>	<b>-</b>	<b>2,002</b>
<b>CURRENT LIABILITIES</b>	<b>-</b>	<b>1,767</b>
<b>NON CURRENT LIABILITIES</b>	<b>-</b>	<b>20</b>
<b>SHARE OF TOTAL LIABILITIES</b>	<b>-</b>	<b>1,787</b>
<b>NET ASSETS</b>	<b>-</b>	<b>215</b>
<b>SHARE OF JV PROFIT/(LOSS)</b>	<b>-</b>	<b>(129)</b>
<b>CAPITAL COMMITMENTS</b>		<b>0</b>
<b>OPERATING LEASE COMMITMENTS</b>		<b>1,415</b>

This represents the hospital's 15.81% share of joint venture outstanding capital commitments for IT services, materials and equipment.

## NOTE 11: PROPERTY, PLANT & EQUIPMENT

	Gross Cost/ Valuation 2011 \$000	Gross Cost/ Valuation 2010 \$000	Accum. Deprec. 2011 \$000	Accum. Deprec. 2010 \$000	Net Assets at 2011 \$000	Net Assets at 2010 \$000
Land at fair value	16,235	16,235	-	-	16,235	16,235
Buildings at fair value	42,873	43,304	7,269	4,095	35,604	39,209
<b>Subtotal</b>	<b>59,108</b>	<b>59,539</b>	<b>7,269</b>	<b>4,095</b>	<b>51,839</b>	<b>55,444</b>
Buildings at cost	1,305	507	72	20	1,233	487
Buildings under construction at cost	76,898	33,808	-	-	76,898	33,808
Plant & Equipment at fair value	6,487	5,875	4,061	3,745	2,426	2,130
Medical Equipment at fair value	10,484	8,839	6,372	6,287	4,112	2,552
Computers & Communications at fair value	4,490	3,928	3,356	3,025	1,134	903
Furniture & Fittings at fair value	1,960	1,369	1,022	929	938	440
Motor Vehicles at fair value	3,531	3,426	819	760	2,712	2,666
Leased Assets at cost	46	46	41	37	5	9
<b>Subtotal</b>	<b>105,201</b>	<b>57,798</b>	<b>15,743</b>	<b>14,803</b>	<b>89,458</b>	<b>42,995</b>
<b>Total</b>	<b>164,309</b>	<b>117,337</b>	<b>23,012</b>	<b>18,898</b>	<b>141,297</b>	<b>98,439</b>

Reconciliations of the carrying amounts of each class of asset for the consolidated entity at the beginning and end of the previous and current financial year is set out below:

	Land	Buildings & Buildings under construct.	Plant & Equip.	Medical Equip.	Comp. & Commun.	Furniture & Fittings	Motor Vehicles	Leased Assets	Total
<b>Balance at 1 July 2009</b>	16,235	53,252	2,286	2,448	710	512	2,769	10	78,222
Additions	-	24,370	186	649	492	11	1,157	-	26,865
Disposals	-	-	(33)	-	-	-	(765)	-	(798)
Revaluation increments / (decrements)	-	-	-	-	-	-	-	-	0
Depreciation/amortisation expense (refer note 4)	-	(4,118)	(309)	(545)	(299)	(83)	(495)	(1)	(5,850)
<b>Balance at 1 July 2010</b>	<b>16,235</b>	<b>73,504</b>	<b>2,130</b>	<b>2,552</b>	<b>903</b>	<b>440</b>	<b>2,666</b>	<b>9</b>	<b>98,439</b>
Additions	-	43,888	617	2,176	555	625	1,520	-	49,381
Disposals	-	-	-	(10)	-	-	(975)	-	(985)
Revaluation increments / (decrements)	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense (refer note 4)	-	(3,656)	(332)	(598)	(346)	(102)	(500)	(4)	(5,538)
<b>Balance at 30 June 2011</b>	<b>16,235</b>	<b>113,736</b>	<b>2,415</b>	<b>4,120</b>	<b>1,112</b>	<b>963</b>	<b>2,711</b>	<b>5</b>	<b>141,297</b>

### Land and buildings carried at valuation

An independent valuation of the Health Service's property, plant and equipment was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which confirms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The Valuation was based on independent assessments.

The effective date of the valuation is 30 June 2009

**NOTE 12: PAYABLES**

	2011 \$000	2010 \$000
<b>Current</b>		
<b>Contractual</b>		
Trade Creditors	2,307	1,800
Accrued Expenses	4,654	5,934
<b>TOTAL CURRENT</b>	<b>6,961</b>	<b>7,734</b>
<b>Non Current</b>		
Other Creditors	-	356
<b>TOTAL NON CURRENT</b>	<b>-</b>	<b>356</b>
<b>TOTAL</b>	<b>6,961</b>	<b>8,090</b>

**(a) Maturity analysis of payables**

Please refer to Note 18(c) for the ageing analysis of payables

**(b) Nature and extent of risk arising from payables**

Please refer to Note 18(c) for the nature and risk arising from payables

**NOTE 13: BORROWINGS**

	2011 \$000	2010 \$000
<b>CURRENT</b>		
<b>Australian Dollar Borrowings</b>		
Finance Lease Liability (i) (refer Note 19)	-	5
<b>Total Current</b>	<b>-</b>	<b>5</b>
<b>Total Borrowings</b>	<b>-</b>	<b>5</b>

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. South West Healthcare has a fixed interest secured loan over 4 years for the purchase of an item of office equipment.

Finance costs incurred during the year are accounted for as follows:

Included in Other Expenses from Continuing Operations	3	1
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**(a) Maturity analysis of interest bearing liabilities**

Please refer to note 18(c) for the ageing analysis of interest bearing liabilities

**(b) Nature and extent of risk arising from interest bearing liabilities**

Please refer to note 18(c) for the nature and extent of risks arising from interest bearing liabilities

**(c) Defaults and breaches**

During the current and prior year, there were no defaults and breaches of any of the loans

## NOTE 14: PROVISIONS

	2011 \$000	2010 \$000
<b>CURRENT PROVISIONS</b>		
Employee Benefits		
- unconditional and expected to be settled within 12 months	8,175	7,268
- unconditional and expected to be settled after 12 months	6,250	5,619
<b>Provisions related to employee benefit on-costs</b>		
Unconditional and expected to be settled within 12 months (nominal value)	773	718
Unconditional and expected to be settled after 12 months (present value)	852	766
<b>Total Current Provisions</b>	<b>16,050</b>	<b>14,371</b>
<b>NON-CURRENT PROVISIONS</b>		
Employee Benefits	1,538	1,443
Provisions related to employee benefit on-costs	181	173
<b>Total Non-current Provisions</b>	<b>1,719</b>	<b>1,616</b>

	2011 \$000	2010 \$000
<b>Current Employee Benefits</b>		
Unconditional LSL entitlement	7,954	7,150
Accrued wages and salaries	1,990	1,550
Annual leave entitlements	5,890	5,487
Accrued days off	216	184
<b>Non-Current Employee Benefits</b>		
Conditional long service leave entitlements (present value)	1,719	1,616
<b>Total</b>	<b>17,769</b>	<b>15,987</b>
<b>Movement in Long Service Leave:</b>		
Balance at start of year	8,766	8,050
Provision made during the year	1,983	1,700
Settlement made during the year	1,076	984
<b>Balance at end of year</b>	<b>9,673</b>	<b>8,766</b>

## NOTE 15: OTHER LIABILITIES

	2011 \$000	2010 \$000
Monies Held in trust		
- Patient Monies held in Trust	450	373
<b>Total</b>	<b>450</b>	<b>373</b>
<b>Represented by the following assets:</b>		
Cash Assets (note 6)	450	373
<b>Total</b>	<b>450</b>	<b>373</b>

**NOTE 16: EQUITY & RESERVES**

	<b>2011 \$000</b>	<b>2010 \$000</b>
<b>(a) Reserves</b>		
<b>Property, Plant &amp; Equipment Revaluation Reserve</b>		
Balance at the beginning of the reporting period	13,749	13,749
Revaluation Increment/ (Decrements)		
Land	-	-
Buildings	-	-
<b>Balance at the end of the reporting period</b>	<b>13,749</b>	<b>13,749</b>
<b>Represented by:</b>		
Land	11,950	11,950
Buildings	1,799	1,799
	<b>13,749</b>	<b>13,749</b>
<b>Restricted Specific Purpose Reserve</b>		
Balance at the beginning of the reporting period	22	22
<b>Balance at the end of the reporting period</b>	<b>22</b>	<b>22</b>
<b>Total Reserves</b>	<b>13,771</b>	<b>13,771</b>
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	66,744	66,744
Capital Contribution received from Victorian Government	-	-
<b>Balance at the end of the reporting period</b>	<b>66,744</b>	<b>66,744</b>
<b>(c) Accumulated Surpluses/(Deficits)</b>		
Balance at the beginning of the reporting period	14,407	(8,860)
Net Result for the Year	38,535	23,267
<b>Balance at the end of the reporting period</b>	<b>52,942</b>	<b>14,407</b>
<b>(d) Total Equity at end of financial year</b>	<b>133,457</b>	<b>94,922</b>

**NOTE 17: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/  
(OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>2011 \$000</b>	<b>2010 \$000</b>
<b>Net Result for the Year</b>	38,535	23,267
<b>NON CASH MOVEMENTS</b>		
Non Cash Revenue	(1,602)	(1,036)
Depreciation & Amortisation	5,538	5,850
Net (Gain)/Loss from Sale of Plant & Equipment	84	30
Change in Inventories	400	(200)
Change in Operating Assets & Liabilities		
(Increase) / Decrease in Receivables	224	(1,614)
(Increase) / Decrease Other Current Liabilities	(525)	79
Increase / (Decrease) in Payables	(1,129)	748
Increase /(Decrease) in Employee Entitlements	1,435	711
(Increase)/Decrease in Other Current Assets	78	50
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>43,038</b>	<b>27,885</b>

## NOTE 18: FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

South West Healthcare's principal financial instruments comprise of:

- Cash assets
- Term Deposits
- Receivables
- Payables
- Finance Lease payables
- Accommodation Bonds

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements. The main purpose in holding financial instruments is to prudentially manage South West Healthcare financial risks within the government policy parameters.

### Categorisation of financial instruments

	Carrying Amount 2011 \$000	Carrying Amount 2010 \$000
<b>Financial Assets</b>		
Cash and cash equivalents	11,584	15,405
Loans and Receivables	3,109	3,043
<b>Total Financial Assets (i)</b>	<b>14,693</b>	<b>18,448</b>
<b>Financial Liabilities</b>		
At amortised cost	7,412	8,468
<b>Total Financial Liabilities (ii)</b>	<b>7,412</b>	<b>8,468</b>

i) The total amount of financial assets disclosed here excludes statutory financial receivables (i.e. GST input tax credit recoverable)

ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payables)

### Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss) 2011 \$'000	Net holding gain/(loss) 2010 \$'000
<b>Financial Assets</b>		
Cash and Cash Equivalents (i)	659	588
Designated at Fair Value through Profit or Loss (iii)	-	-
Held-for-Trading at Fair Value through Profit or Loss (iii)	-	-
Loans and Receivables (i)	-	-
Available for Sale (i)	-	-
<b>Total Financial Assets</b>	<b>659</b>	<b>588</b>
<b>Financial Liabilities</b>		
Designated at Fair Value through Profit or Loss (iii)	-	-
Held-for-Trading at Fair Value through Profit or Loss (iii)	-	-
At Amortised Cost (ii)	3	1
<b>Total Financial Liabilities</b>	<b>3</b>	<b>1</b>

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;

(ii) For financial liabilities measure at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and

**NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)**

(iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

**(b) Credit Risk**

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents South West Healthcare maximum exposure to credit risk without taking account of the value of any collateral obtained.

**Credit quality of contractual financial assets that are neither past due nor impaired**

	Financial institutions (AAA credit rating)	Government agencies (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	11,584				11,584
Receivables-Debtors		2,819		290	3109
<b>Total Financial Assets</b>	<b>11,584</b>	<b>2,819</b>	<b>-</b>	<b>290</b>	<b>14,693</b>
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	15,405				15,405
Receivables-Debtors		2,606		437	3043
<b>Total Financial Assets</b>	<b>15,405</b>	<b>2,606</b>	<b>-</b>	<b>437</b>	<b>18,448</b>

**Ageing analysis of financial asset as at 30 June**

	Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	11,584	11,584	-	-	-	-	-
Receivables - Debtors	3,109	2,956	68	77	8	-	-
<b>Total Financial Assets</b>	<b>14,693</b>	<b>14,540</b>	<b>68</b>	<b>77</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>2010</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	15,405	15,405	-	-	-	-	-
Receivables- Debtors	3,043	2,015	961	26	41	-	-
<b>Total Financial Assets</b>	<b>18,448</b>	<b>17,420</b>	<b>961</b>	<b>26</b>	<b>41</b>	<b>-</b>	<b>-</b>

## NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Liquidity Risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk as follows:

Term deposits, investments and cash held at financial institutions are managed with variable maturity dates and take into consideration cashflow requirements of the Health Service from month to month.

Trade creditors are paid in accordance with their trading terms; and accommodation bonds are refunded when the resident departs the aged care facility.

The following table discloses the contractual maturity analysis for South West Healthcare's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

### Maturity analysis of financial liabilities as at 30 June

	Carrying Amount	Maturity Dates				
		Contractual Cash Flows	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>						
<b>Financial Liabilities</b>						
Payables	6,961	6,961	6,961			
Accommodation Bonds	451	451	451			
<b>Total Financial Liabilities</b>	<b>7,412</b>	<b>7,412</b>	<b>7,412</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2010</b>						
<b>Financial Liabilities</b>						
Payables	8,090	8,090	7,734	-	-	356
Interest Bearing Lease	5	5	-	1	4	-
Accommodation Bonds	373	373	373	-	-	-
<b>Total Financial Liabilities</b>	<b>8,468</b>	<b>8,468</b>	<b>8,107</b>	<b>1</b>	<b>4</b>	<b>356</b>

### (d) Market Risk

South West Healthcare's exposure to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency risk and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

#### Currency Risk

South West Healthcare is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

#### Interest Rate Risk

Exposure to interest rate risk might arise primarily through the South West Healthcare's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the health service mainly undertake financial liabilities with relatively even maturity profiles.

#### Other Price Risk

South West Healthcare is exposed to normal price fluctuations from time to time through market forces.

Where adequate notice is provided by suppliers, additional purchases are made for long term goods.

## NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

### Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	*Weighted Average Effective Interest  Rates (%)	Carrying Amount  \$'000	Interest Rate Exposure		
			Fixed Interest Rate  \$'000	Variable Interest Rate  \$'000	Non Interest Bearing  \$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents (i)	6.03	11,584	9,056	2,528	-
Receivables - Debtors		3,109	-	-	3,109
<b>Total Financial Assets</b>		<b>14,693</b>	<b>9,056</b>	<b>2,528</b>	<b>3,109</b>
<b>Financial Liabilities</b>					
Payables		6,961	-	-	-
Accommodation Bonds		451	-	-	-
<b>Total Financial Liabilities</b>		<b>7,412</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents (i)	5.15	15,405	14,033	1,372	-
Receivables- Debtors		3,043	-	-	3,043
<b>Total Financial Assets</b>		<b>18,448</b>	<b>14,033</b>	<b>1,372</b>	<b>3,043</b>
<b>Financial Liabilities</b>					
Payables		8,090	-	-	8,090
Interest Bearing Lease	4.95	5	5	-	-
Accommodation Bonds		373	-	-	373
<b>Total Financial Liabilities</b>		<b>8,468</b>	<b>5</b>	<b>-</b>	<b>8,463</b>

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

#### (d) Market Risk (cont)

##### Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, South West Healthcare believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by South West Healthcare at year end as presented to key management personnel, if changes in the relevant risk occur.

**NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)**

	Carrying Amount \$'000	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2011</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents (i)	11,584	(116)	(116)	116	116	-	-	-	-
Receivables	3,109	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>									
Payables	6,961	-	-	-	-	-	-	-	-
Interest Bearing Liabilities		-	-	-	-	-	-	-	-
Accommodation Bonds	451	5	5	(5)	(5)	-	-	-	-
	Carrying Amount \$'000	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2010</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents (i)	15,405	(154)	(154)	154	154	-	-	-	-
Receivables	3,043	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>									
Payables	8,090	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	5	-	-	-	-	-	-	-	-
Accommodation Bonds	373	4	4	(4)	(4)	-	-	-	-

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

**(e) Fair Value**

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 - the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and

Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and

Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

South West Healthcare considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of the contractual financial assets and liabilities are the same as the carrying amounts.

**Comparison between carrying amount and fair value**

	Carrying Amount 2011 \$'000	Fair Value 2011 \$'000	Carrying Amount 2010 \$'000	Fair Value 2010 \$'000
<b>Financial Assets</b>				
Cash and Cash Equivalents	11,584	11,584	15,405	15,405
Receivables-Debtors	3,109	3,109	3,043	3,043
<b>Total Financial Assets</b>	<b>14,693</b>	<b>14,693</b>	<b>18,448</b>	<b>18,448</b>
<b>Financial Liabilities</b>				
Payables	6,961	6,961	8,090	8,090
Interest Bearing Liabilities	-	-	5	5
Accommodation Bonds	451	451	373	373
<b>Total Financial Liabilities</b>	<b>7,412</b>	<b>7,412</b>	<b>8,468</b>	<b>8,468</b>

## NOTE 19: COMMITMENTS FOR EXPENDITURE

	2011 \$000	2010 \$000
<b>Capital Expenditure Commitments</b>		
<i>Payable:</i>		
Land & Buildings	30,226	69,938
<b>Total Capital Expenditure Commitments</b>	<b>30,226</b>	<b>69,938</b>
Land & Buildings		
Not later than one year	23,964	40,200
Later than 1 year and not later than 5 years	6,262	29,738
<b>Total</b>	<b>30,226</b>	<b>69,938</b>
<b>Lease Commitments</b>		
	2011 \$000	2010 \$000
<b>Cancelable</b>		
<b>Finance Leases</b>		
Commitments in relation to finance leases are payable as follows:		
Not later than one year	-	6
Minimum Lease Payments	-	6
Less Future Finance Charges	-	(1)
<b>TOTAL</b>	<b>-</b>	<b>5</b>
Representing Borrowings		
Current (Note 13)	-	5
<b>TOTAL</b>	<b>-</b>	<b>5</b>
<b>Operating Commitments</b>		
<b>Non-cancellable</b>		
<b>Operating Leases</b>		
Commitments in relation to rental of buildings and medical & other equipment leases are payable as follows:		
Not later than one year	354	203
Later than one year but not later than 5 years	371	377
<b>TOTAL</b>	<b>725</b>	<b>580</b>

## NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Details of estimates of maximum amounts of contingent liabilities are as follows:

	2011 \$000	2010 \$000
<b>Contingent Liabilities</b>		
<b>Quantifiable</b>		
Other - Recallable DHS Capital Grant	33	66
<b>Total Quantifiable Liabilities</b>	<b>33</b>	<b>66</b>

South West Healthcare is unaware of any contingent assets in existence.

## NOTE 21: SEGMENT REPORTING

	Hospital Warrnambool Campus		Hospital Camperdown Campus		Nursing Home Camperdown Campus		Linen Service		Mental Health		Macarthur		Eliminations		Consolidated	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>REVENUE</b>																
External Segment Revenue	133,972	106,470	7,257	7,251	2,840	2,610	960	14,739	14,739	14,375	646	-	-	-	160,322	132,312
Intersegment revenue	-	-	-	-	-	-	778	731	-	-	-	(778)	(731)	-	-	-
<b>Total Revenue</b>	<b>133,972</b>	<b>106,470</b>	<b>7,257</b>	<b>7,251</b>	<b>2,840</b>	<b>2,610</b>	<b>1,715</b>	<b>1,691</b>	<b>14,739</b>	<b>14,375</b>	<b>646</b>	<b>(778)</b>	<b>(731)</b>	<b>160,322</b>	<b>132,312</b>	<b>132,312</b>
<b>EXPENSES</b>																
External Segment Expenses	93,807	81,967	7,842	7,985	3,072	2,701	1,603	15,560	14,453	14,453	705	-	-	-	122,446	109,504
Intersegment expenses	778	731	-	-	-	-	-	-	-	-	-	(778)	(731)	-	-	-
<b>Total Expenses</b>	<b>94,585</b>	<b>82,698</b>	<b>7,842</b>	<b>7,985</b>	<b>3,072</b>	<b>2,701</b>	<b>1,603</b>	<b>1,693</b>	<b>15,560</b>	<b>14,453</b>	<b>705</b>	<b>(778)</b>	<b>(731)</b>	<b>122,446</b>	<b>109,504</b>	<b>109,504</b>
<b>Net Result from ordinary activities</b>	<b>39,387</b>	<b>23,772</b>	<b>(585)</b>	<b>(734)</b>	<b>(232)</b>	<b>(91)</b>	<b>112</b>	<b>(2)</b>	<b>(821)</b>	<b>(78)</b>	<b>15</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>37,876</b>	<b>22,808</b>
Interest Income	659	588	-	-	-	-	-	-	-	-	-	-	-	-	659	588
Associates & Joint Ventures using Equity method	-	(129)	-	-	-	-	-	-	-	-	-	-	-	-	-	(129)
<b>Net Result for Year</b>	<b>40,046</b>	<b>24,231</b>	<b>(585)</b>	<b>(734)</b>	<b>(232)</b>	<b>(91)</b>	<b>112</b>	<b>(2)</b>	<b>(821)</b>	<b>(78)</b>	<b>15</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>38,535</b>	<b>23,267</b>
<b>OTHER INFORMATION</b>																
Segment Assets																
Unallocated Assets	139,198	85,553	5,740	8,831	1,909	2,062	2,145	2,134	8,725	19,154	921	1,643	-	-	158,638	119,377
<b>Total Assets</b>	<b>139,198</b>	<b>85,553</b>	<b>5,740</b>	<b>8,831</b>	<b>1,909</b>	<b>2,062</b>	<b>2,145</b>	<b>2,134</b>	<b>8,725</b>	<b>19,154</b>	<b>921</b>	<b>1,643</b>	<b>-</b>	<b>-</b>	<b>158,638</b>	<b>119,377</b>
Segment Liabilities																
Unallocated Liabilities	20,450	20,012	1,366	1,348	830	769	283	257	2,157	1,954	95	115	-	-	25,181	24,455
<b>Total Liabilities</b>	<b>20,450</b>	<b>20,012</b>	<b>1,366</b>	<b>1,348</b>	<b>830</b>	<b>769</b>	<b>283</b>	<b>257</b>	<b>2,157</b>	<b>1,954</b>	<b>95</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>25,181</b>	<b>24,455</b>
Investments in Associates and Joint Venture Partnership	-	215	-	-	-	-	-	-	-	-	-	-	-	-	-	215
Acquisition of Property, Plant and Equipment and Intangible Assets	48,052	25,801	681	457	52	12	7	135	493	394	96	66	-	-	49,381	26,865
Depreciation and Amortisation Expense	3,579	3,807	849	909	301	292	127	134	610	636	72	72	-	-	5,538	5,850
Non Cash Expenses other than Depreciation	2,831	2,155	-	-	-	-	-	-	-	-	-	-	-	-	2,831	2,155

The major products/services from which the above segments derive revenue are:

### GEOGRAPHICAL SEGMENT

### Business Segments:

Hospital  
Linen Service  
Mental Health  
Community Health Service  
Aged Care (Camperdown)

### Services:

Acute and Rehabilitation Inpatient and Non Inpatient Health Services  
Linen/Laundry Services  
Acute Psychiatric Inpatient and Community Services  
Primary and Community Health Services  
Nursing Home/Hostel

## NOTE 22a: RESPONSIBLE PERSON-RELATED DISCLOSURES

### Responsible Ministers:

The Honourable Daniel Andrews, MLA, Minister for Health ,  
 The Honourable David Davis, MP, Minister for Health,  
 The Honourable Mary Woodridge, MLA, Minister for Mental Health.

### Period:

01/07/2010 - 01/12/2010  
 02/12/2010 - 30/06/2011  
 02/12/2010 - 30/06/2011

### Governing Board:

### Period:

Mrs. S. Muldoon	01/07/2010 - 30/06/2011
Mr. F. Broekman	01/07/2010 - 30/06/2011
Ms. F. Melican	01/07/2010 - 30/06/2011
Mrs. M. Alexander	01/07/2010 - 30/06/2011
Mr. C. Logan	01/07/2010 - 30/06/2011

### Period:

Mr. S. Callaghan	01/07/2010 - 30/06/2011
Mr. J. Maher	01/07/2010 - 30/06/2011
Mr. J. Cole	01/07/2010 - 01/10/2010
Mr R. Worland	01/07/2010 - 30/06/2011
Mr A.McNeil	01/07/2010 - 30/06/2011

### Accountable Officer:

### Period:

Mr. J. Krygger 01/07/2010 - 30/06/2011

### Remuneration of Responsible Persons

Income Band:	Total Remuneration	
	2011	2010
\$300,000 - \$309,999	1	-
\$280,000 - \$289,999	-	1
\$0	10	10
<b>Total Numbers</b>	<b>11</b>	<b>11</b>
	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>Total Remuneration</b>	<b>308</b>	<b>289</b>

Nil remuneration is received by Board of Directors

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet

### Retirement Benefits of Responsible Persons

Retirement benefits paid by the reporting entity in connection with the retirement of Responsible Persons during the year.

- -

### Other Transactions of Responsible Persons and their Related Entities

Mr S.Callaghan is a director of Callaghan Motors which provides repairs, maintenance and purchase of motor vehicles on normal & commercial terms & conditions.

	2011	2010
	\$000	\$000
	355	354

## NOTE 22b: RESPONSIBLE PERSON-RELATED DISCLOSURES

### Executive Officer Disclosures

The numbers of executive officers, other than Ministers and Accountable Officers, and their base and total remuneration during the reporting period are shown in the table below in their relevant income bands. Total remuneration is inclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2011	2010	2011	2010
\$290,000 - \$299,999	1	-	1	-
\$280,000 - \$289,999	-	1	-	1
\$170,000 - \$179,999	2	-	2	-
\$160,000 - \$169,999	1	2	1	2
\$150,000 - \$159,999	-	1	-	1
\$140,000 - \$149,999	1	-	1	-
\$130,000 - \$139,999	-	1	-	1
<b>Total Numbers</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Total Remuneration</b>	<b>950</b>	<b>908</b>	<b>950</b>	<b>908</b>

Remuneration includes Superannuation Guarantee Levy, Employer superannuation contributions, deemed value of motor vehicle and all non-cash benefits.

## NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no events occurring after reporting date which require more information.

## NOTE 24: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest	
		2011	2010
		%	%
<i>South West Alliance of Rural Health</i>	Information Technology	15.64	0

A Health Service interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements and consolidated financial statements under their respective asset categories.

	2011	2010
	\$'000	\$'000
<b>South West Alliance of Rural Health</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	(54)	-
Receivables	560	-
Inventories	25	-
Other Current Assets	79	-
<b>Total Current Assets</b>	<b>610</b>	<b>-</b>
<b>Non Current Assets</b>		
Property, Plant & Equipment	26	-
<b>Total Non Current Assets</b>	<b>26</b>	<b>-</b>
<b>Total Assets</b>	<b>636</b>	<b>-</b>
<b>Current Liabilities</b>		
Payables	261	-
Provisions	229	-
<b>Total Current Liabilities</b>	<b>490</b>	<b>-</b>
<b>Non Current Liabilities</b>		
Provisions	32	-
<b>Total Non Current Liabilities</b>	<b>32</b>	<b>-</b>
<b>Total Liabilities</b>	<b>522</b>	<b>-</b>

A Health Service interest in revenue and expenses resulting from jointly controlled operations and assets is detailed below:

	2011	2010
	\$'000	\$'000
<b>South West Alliance of Rural Health</b>		
<b>Revenue</b>		
Other Revenue	2,760	-
<b>Total Revenue</b>	<b>2,760</b>	<b>-</b>
<b>Expenses</b>		
Employee Expenses	732	-
Maintenance Contracts	244	-
Leases Expense	229	-
Other	1,644	-
<b>Total Expenses</b>	<b>2,849</b>	<b>-</b>
<b>Net Result Before Capital &amp; Specific Items</b>	<b>(89)</b>	<b>-</b>
Finance Costs	3	-
Depreciation	7	-
<b>Net Result</b>	<b>(99)</b>	<b>-</b>

