

# **Local Health Authorities Analytical Committee**



**ANNUAL REPORT**

**2008 - 2009**



# Auditor General

## INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### LOCAL HEALTH AUTHORITIES ANALYTICAL COMMITTEE FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Local Health Authorities Analytical Committee.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Committee's Responsibility for the Financial Statements and Key Performance Indicators**

The Committee is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Local Health Authorities Analytical Committee**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

**Basis for Qualified Audit Opinion**

The Committee has not reported any data for the key performance indicator of effectiveness for the year ended 30 June 2009. Accordingly, I cannot form an opinion on whether the key performance indicator of effectiveness is relevant, appropriate and fairly represents the Committee's performance.

**Qualified Audit Opinion**

In my opinion,

- (i) except for the matter referred to in the preceding paragraph, the key performance indicators of the Local Health Authorities Analytical Committee are relevant and appropriate to help users assess the Committee's performance and fairly represent the indicated performance for the year ended 30 June 2009;
- (ii) the financial statements are based on proper accounts and present fairly the financial position of the Committee at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions; and
- (iii) the controls exercised by the Committee provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.



GLEN CLARKE  
ACTING AUDITOR GENERAL  
23 September 2009

# Local Health Authorities Analytical Committee

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## TABLE OF CONTENTS FOR THE YEAR ENDED 30 JUNE 2009

	<b>Page</b>
Statement of Compliance with the Financial Management Act and Health Act	2
Overview	3
Executive Summary	3
Operational Structure	3
Performance Management Framework	9
Outcome Based Management Framework	
Changes to Outcome Based Management Framework	
Shared Responsibilities with other agencies	
<b>Agency Performance – Report on Operations</b>	<b>10</b>
Financial Targets	
Key Performance Indicators	
<b>Significant Issues and Trends</b>	<b>10</b>
<b>Disclosures and Legal Compliance</b>	<b>11</b>
Financial Statements	
Certification of Financial Reports	11
Income Statement	12
Balance Sheet	13
Statement of Changes of Equity	14
Cash Flow Statement	15
Index of Notes to the Financial Statements	16
Notes to the Financial Statements.	17
<b>Key Performance Indicators</b>	<b>36</b>
Certification of Performance Indicators	36
Detailed Information in Support of Key Performance Indicators	37
Ministerial Directives	41
<b>Other Financial Disclosures</b>	<b>41</b>
Pricing Policies Of Services Provided	
Employment and Industrial Relations	
Governance Disclosures	42
Other Legal Requirements	42
Government Policy Requirements	43

## Local Health Authorities Analytical Committee

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### STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2009

THE HON DR KIM HAMES MB BS JP, MLA.  
MINISTER FOR HEALTH.

In accordance with Section 61 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the Annual Report of the Local Health Authorities Analytical Committee for the financial year ended 30 June 2009.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.



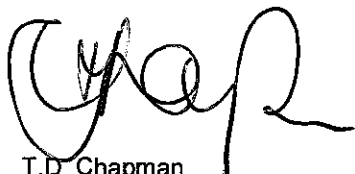
G. Monks  
Chairman of Accountable Authority

Date: 21/09/2009



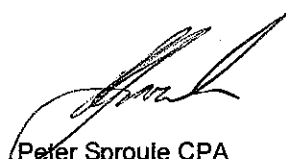
R.E Boardman  
Member of Accountable Authority

Date: 21.9.09



T.D Chapman  
Secretary of Accountable Authority

Date: 21 Sept '09



Peter Sproule CPA  
Principle Accounting Officer

Date: 21/9/2009

#### Contact Details

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# Local Health Authorities Analytical Committee

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## OVERVIEW FOR THE YEAR ENDED 30 JUNE 2009

### OVERVIEW

#### Executive Summary

#### **Performance Highlights**

To ensure that our objectives and Agency level Government desired outcomes are achieved, the Local Health Authorities Analytical Committee implemented the following:

- A Revised Sampling Scheme (RSS) was implemented part way through the 2008/2009 operational year. During the course of the year two RSS Updates were forwarded to all Local Governments participating in the Scheme. In addition, direct contact was made with all the major users of the scheme from previous operational years (approximately 55 in number).

#### Operational Structure

#### **Enabling Legislation**

In accordance with the provisions of the Health Act 1911 and the Financial Management Act 2006, it is my pleasure to report concerning the operations of the Local Health Authorities Analytical Committee for the 2008-09 financial year.

The Committee is constituted as a body corporate under Section 247A of the Health Act and has as its objective, the provision of analytical services for use by local authorities.

The powers and functions of the Committee are defined in Section 247C of the Health Act and these are:

- (a) to formulate and operate a scheme for the provision of analytical services for use by local authorities, by employing such analysts and other persons as are necessary for the purpose or by entering into contracts with persons for the provision of these services, or by both so employing analysts and other persons and so entering into contracts;
- (b) to fix fees to be paid by local authorities for participation in any scheme referred to in this section, and fees to be paid for analytical services rendered under the scheme; and
- (c) To do such other acts and things as are necessary or convenient for the purposes of this Part.

#### **Responsible Minister**

The Hon Dr Kim Hames MB BS JP, MLA, Minister for Health.

#### **Mission**

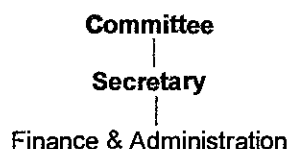
The Committee fulfils its statutory obligations by retaining professional contract analysts to undertake prescribed analyses of food and food products which are forwarded direct from local authorities throughout the State.

# Local Health Authorities Analytical Committee

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## OVERVIEW FOR THE YEAR ENDED 30 JUNE 2009

### Organisational Chart



### Board of the Authority

The scheme is managed by the Committee of ten members, appointed in accordance with Section 247A (3) of the Act, and of whom:-

- (a) five shall be persons, one of whom shall be nominated by each of the following local governments:-
  - (i) the City of Perth
  - (ii) the City of Fremantle
  - (iii) the City of South Perth
  - (iv) the City of Melville
  - (v) the City of Stirling
- (b) three shall be persons selected by the Minister to represent local governments, other than the local authorities referred to in paragraph (a) of this subsection, the districts of which are wholly or partly situated within forty kilometres of the General Post Office at Perth; and
- (c) two shall be persons selected by the Minister to represent all local governments other than those referred to in paragraphs (a) and (b) of this subsection.

### Board Profiles

At the time of reporting, the members of the Committee were:-

City of Perth	Ms. Elaine Clucas
City of Fremantle	Mr. Matthew Piggott
City of South Perth	Mr. Sebastian Camillo
City of Melville	Mr. Dennis Gillam
City of Stirling	Mr Greg Ducas
Authorities within 40km of the GPO	Mr Mark Bishop Mr. Rob Boardman Cr. Glynis Monks (Chairman)
Other Authorities	Cr Terry O'Toole Position Vacant

## **Local Health Authorities Analytical Committee**

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### **OVERVIEW FOR THE YEAR ENDED 30 JUNE 2008**

#### **Cr Glynis Monks (Chairman)**

Cr Glynis Monks serves the Wanneroo Ward as an elected member on the City of Wanneroo – a position she has held since 1999. She took over as Chairman of the LHAAC in July 2005 having joined the Committee as one of the three members representing Local Governments within forty kilometres of Perth CBD in September 2004.

#### **Mr Mark Bishop**

Mr Bishop is Manager Health Services with the City of Swan and is one of the three Local Government members within a forty kilometre distance of Perth CBD.

#### **Mr Sebastian Camillo**

Mr Camillo is Manager Environmental Health and Regulatory Services with the City of South Perth, one of the five Local Governments who are statutory members of the LHAAC.

#### **Mr Greg Ducas**

Mr Ducas is an Environment Health Officer with the City of Stirling, one of the five local Governments who are statutory members of the LHAAC.

#### **Mr Matthew Piggott**

Mr Ducas is Coordinator Environment Health Service with the City of Fremantle, one of the five local Governments who are statutory members of the LHAAC.

#### **Mr Dennis Gillam**

Mr Gillam is Acting Health Services Coordinator with the City of Melville, one of the five Local Governments who are statutory members of the LHAAC.

#### **Ms Elaine Clucas**

Ms Clucas is Environmental Health Coordinator with the City of Perth, one of the five Local Governments who are statutory members of the LHAAC.

#### **Mr. Rob Boardman**

Mr Boardman is Executive Manager of Environmental and Development Services with the Town of Vincent and is one of the three Local Government members within a forty kilometre distance of Perth CBD.

#### **Cr Terry O'Toole**

Cr O' Toole is an elected member with the City of Geraldton-Greenough. Prior to the merger of the two councils in 2008, Cr O'Toole was an elected member with the Shire of Greenough. Cr O'Toole is one of the two members 40 kilometres outside the Perth Metropolitan area.

A second position for a member outside 40 kilometres of Perth CBD was vacant at 30 June 2009.



# Local Health Authorities Analytical Committee

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## OVERVIEW FOR THE YEAR ENDED 30 JUNE 2009

### Administered Legislation

The Minister for Health also administers the following Acts:

- Animal Resources Authority
- Animal Resources Authority Act 1981
- Health, Department of Acts Amendment (Abortion) Act 1998
- Anatomy Act 1930
- Blood Donation (Limitation of Liability) Act 1985
- Cannabis Control Act 2003
- Chiropractors Act 1964
- Chiropractors Act 2005
- Co-opted Medical and Dental Services for the Northern Portion of the State Act 1951
- Cremation Act 1929
- Dental Act 1939
- Dental Prosthetists Act 1985
- Fluoridation of Public Water Supplies Act 1966
- Health Act 1911
- Health Legislation Administration Act 1984
- Health Professionals (Special Events Exemption) Act 2000
- Health Services (Conciliation and Review) Act 1995
- Health Services (Quality Improvement) Act 1994
- Hospital Fund Act 1930
- Hospitals and Health Services Act 1927
- Human Reproductive Technology Act 1991
- Human Tissue and Transplant Act 1982
- Medical Act 1894
- Mental Health Act 1996
- Mental Health (Consequential Provisions) Act 1996
- Nuclear Waste Storage and Transportation (Prohibition) Act 1999
- Nurses Act 1992
- Occupational Therapists Act 2005

## **Local Health Authorities Analytical Committee**

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### **OVERVIEW FOR THE YEAR ENDED 30 JUNE 2008**

- Occupational Therapists Registration Act 1980
- Optical Dispensers Act 1966
- Optometrists Act 1940
- Optometrists Act 2005
- Osteopaths Act 1997
- Osteopaths Act 2005
- Perth Dental Hospital Land Act 1942
- Pharmacy Act 1964
- Physiotherapists Act 1950
- Physiotherapists Act 2005
- Podiatrists Act 2005
- Podiatrists Registration Act 1984
- Poisons Act 1964
- Psychologists Act 2005
- Psychologists Registration Act 1976
- Public Dental Hospital Land Act 1934
- Radiation Safety Act 1975
- Tobacco Products Control Act 2006
- University Medical School Act 1955
- University Medical School, Teaching Hospitals Act 1955
- Western Australian Bush Nursing Trust Act 1936
- Western Australian Bush Nursing Trust Act Amendment Act 1947
- White Phosphorus Matches Prohibition Act 1912
- Office of Health Review
- The Queen Elizabeth II Medical Centre Trust
- Queen Elizabeth II Medical Centre Act 1966
- Western Australian Centre for Pathology and Medical Research
- Western Australian Alcohol and Drug Authority
- Alcohol and Drug Authority Act 1974
- Western Australian Health Promotion Foundation
- Tobacco Control Act 1990

# **Local Health Authorities Analytical Committee**

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## **OVERVIEW FOR THE YEAR ENDED 30 JUNE 2009**

### **Other Key Legislation Impacting on the Authority's Activities**

In the performance of its functions, the Local Health Authorities Analytical Committee complies with the following relevant written laws:

- Auditor General Act 2006
- Contaminated Sites Act 2003
- Disabilities Services Act 1993
- Equal Opportunity Act 1984
- Financial Management Act 2006
- Freedom of Information Act 1992
- Industrial Relations Act 1979
- Minimum Conditions of Employment Act 1993
- Occupational Safety and Health Act 1984
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- State Records Act 2000, and
- State Supply Commission Act 1991

# Local Health Authorities Analytical Committee

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## OVERVIEW FOR THE YEAR ENDED 30 JUNE 2009

### Performance Management Framework

#### **Outcome Based Management Framework**

#### **Government Goal: GREATER FOCUS ON ACHIEVING RESULTS IN KEY SERVICE DELIVERY AREAS FOR THE BENEFIT OF ALL WESTERN AUSTRALIANS**

Agency level Government desired outcome: To undertake prescribed analyses of food and food products which are forwarded direct from local authorities throughout the State.

#### **AGENCY**

#### **Service 1: Analysis of food and food products**

The analysts report directly to the local authority as to their findings and if the goods or food products do not comply with the prescribed standards, the analyst issues appropriate certificates to support any prosecution action. The Health Act prescribes that any local authority may become a participant in the scheme by giving notice to the Committee that it so desires. The Act also provides that the Commissioner for Public Health may, by notice, direct that a local authority be a participant in the scheme. In 1972, at the request of the Committee, the Commissioner directed those authorities, which had not indicated their intention of becoming participants, to be participants in the scheme. Therefore, for the purposes of the scheme, all local authorities in Western Australia are participants.

In 2009 the Committee implements a Revised Sampling Scheme which now places the onus on manufacturers of food products and the responsibility for sampling those manufacturers now rests with the Local Government Authority in which they are located. This will result in a more efficient, effective, more economical foods sampling service for Western Australia.

#### **Changes to Outcome Based Management Framework**

The Authorities Outcome Based Management Framework did not change during 2008-09.

#### **Shared Responsibilities with Other Agencies**

The Authority did not share any responsibilities with other agencies during 2008-09.

## **Local Health Authorities Analytical Committee**

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### **AGENCY PERFORMANCE – REPORT ON OPERATIONS FOR THE YEAR ENDED 30 JUNE 2009**

#### **AGENCY PERFORMANCE – REPORT ON OPERATIONS**

##### **Services (goods or services) provided to the public sector in WA**

To ensure that our objectives and Agency level Government desired outcomes are achieved, the Authority implemented the following:

- Due to the implementation of the Revised Sampling Scheme in early 2009 and the ongoing communications with Local Governments during this period, no other direct form of survey was issued to Local Governments. In previous years, the Committee conducted surveys of Local Governments every three years. However this was changed in 2008 after discussions with the OAG. Due to the changes to operations imposed on Local Governments in 2009 it was felt a survey would not fairly reflect operation of the LHAAC service.

##### **Financial Targets: Actual performance compared to budget targets**

The Committee changed the accounting treatment of the identification of the excess assessment income to reflect the recognition of revenue at completion stage of the transaction, a change not known at the time of tabling the forward budget estimates. The increase in interest revenue to budgeted estimates was a result of delayed implementation of the Revised Sampling Scheme (RSS) and not using 'reserve' funds for administrative and marketing items as budgeted. This allowed the Committee to re-invest the funds in term deposits for a longer period.

During the year the Analyst Fees for Minimum Assessments increased due to the increase in numbers of samples submitted and the early implementation to the RSS in selected councils in February 2009.

The budgeted allocation for special project expenditure approved by the Committee, was not expended during the 2008/2009 year.

##### **Key Performance Indicators: Actual performance compared to budget targets**

The cost per unit increased due to a combination of a change in accounting policy 2007/08 in the accounting treatment of the recognition of analysis fee expenditure to match the change in the recognition of the minimum and excess assessment income and the additional costs associated with the implementation of the Revised Sampling Scheme (full time administrator, associated administration and compliance costs). An increase in the Analyst Fees and fixed overhead costs also combined to generate a higher cost per unit than in previous years.

#### **SIGNIFICANT ISSUES AND TRENDS**

Implementation of the Revised Sampling Scheme has been the key focus for the Committee for 2008/09, with partial implementation occurring in February 2009 and full implementation on 1 July 2009.

**Local Health Authorities  
Analytical Committee**

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**DISCLOSURES AND LEGAL COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2009**

**DISCLOSURES AND LEGAL COMPLIANCE**

**FINANCIAL STATEMENTS**

**Certification of Financial Statements**

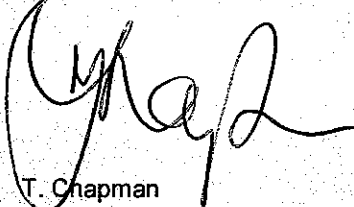
The accompanying financial statements of the Local Health Authorities Analytical Committee have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009 and the financial position as at 30 June 2009.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



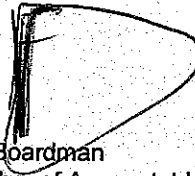
G. Monks  
Chairman of Accountable Authority

Date: 21/09/2009



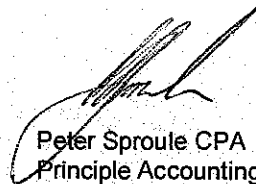
T. Chapman  
Secretary of Accountable Authority

Date: 21 Sept 09



R.E Boardman  
Member of Accountable Authority

Date: 21.9.09



Peter Sproule CPA  
Principle Accounting Officer

Date: 21/9/2009

## Local Health Authorities Analytical Committee

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>INCOME</b>			
<b>Revenue</b>			
Provision of services	5	437,370	407,913
Interest revenue	6	41,403	43,826
<b>Total Income</b>		<b>478,773</b>	<b>451,740</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Employee benefits expense	7	33,230	-
Supplies and services	8	419,067	283,794
Depreciation and amortisation expense	9	-	9
Other expenses	10	4,392	2,079
<b>Total Expenses</b>		<b>456,689</b>	<b>285,882</b>
<b>Profit/(loss) for the period</b>		<b>22,084</b>	<b>165,858</b>

The Income Statement should be read in conjunction with the accompanying notes

**Local Health Authorities  
Analytical Committee**

**BALANCE SHEET  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	115,829	94,590
Receivables	11	67,381	59,461
Other financial assets	12,18	678,873	645,426
Other current assets	13	2,851	2,647
<b>Total Current Assets</b>		<b>864,934</b>	<b>802,124</b>
<b>Non-Current Assets</b>			
Intangible Asset	14	-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>864,934</b>	<b>802,124</b>
<b>Current Liabilities</b>			
Payables	15	50,237	11,850
Provisions	16	2,361	
<b>Total Current Liabilities</b>		<b>52,598</b>	<b>11,850</b>
<b>Total Liabilities</b>		<b>52,598</b>	<b>11,850</b>
<b>NET ASSETS</b>		<b>812,336</b>	<b>790,274</b>
<b>EQUITY</b>			
Retained earnings	17	812,336	790,274
<b>TOTAL EQUITY</b>		<b>812,336</b>	<b>790,274</b>

The Balance Sheet should be read in conjunction with the accompanying notes



**Local Health Authorities  
Analytical Committee**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
<b>Balance of equity at start of period</b>		790,274	624,416
<b>RETAINED EARNINGS</b>			
Balance at start of period		790,274	624,416
Change in accounting policy or correction of prior period errors		(22)	-
Restated balance at start of period		790,252	624,416
Surplus/(deficit) or profit/(loss) for the period		22,084	165,858
<b>Balance at end of period</b>		<u>812,336</u>	<u>790,274</u>
<b>Balance of equity at end of period</b>	17	<u>812,336</u>	<u>790,274</u>
<b>Total income and expense for the period</b>		<u>22,084</u>	<u>165,858</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

**Local Health Authorities  
Analytical Committee**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Provision of services		421,046	446,793
Interest received		48,562	37,167
GST receipts on sales		42,271	38,864
GST receipts from taxation authority		20,935	14,517
<b>Payments</b>			
Employee benefits		(26,126)	-
Supplies and services		(389,189)	(316,259)
Finance costs		(93)	(35)
GST payments on purchases		(40,556)	(26,871)
GST payments to taxation authority		(22,164)	(33,226)
<b>Net cash provided by/(used in) operating activities</b>	18	<b>54,686</b>	<b>160,950</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	18	<b>54,686</b>	<b>160,950</b>
<b>Cash and cash equivalents at the beginning of period</b>	18	<b>740,016</b>	<b>579,066</b>
<b>CASH AND CASH EQUIVALENTS ASSETS AT THE END OF PERIOD</b>	18	<b>794,702</b>	<b>740,016</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes

## Local Health Authorities Analytical Committee

### INDEX OF NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Subject	Policy Note	Disclosure Note	Title of the Policy
General	1		Australian equivalents to International Financial Reporting Standards
General	2		Summary of significant accounting policies
General	2(a)		General statement
General	2(b)		Basis of preparation
General	2(c)		Reporting Entity
Income	2(d)		Income
Income	2(d)	5	Provision of services
Income	2(d)	6	Interest
Assets	2(e)	14	Intangible assets
Assets	2(f)	11	Impairment of assets
Assets/Liabilities	2(g)	23	Financial instruments
Assets	2(h)	18,23	Cash and Cash Equivalents
Assets	2(i)	11	Receivables
Assets	2(j)	12	Investments and Other Financial Assets
Liabilities	2(k)	15	Payables
Liabilities	2(l)	16	Provisions – Employee Benefits
Expense	2(m)	7	Superannuation Expense
General	2(l)		Comparative figures
General	3		Other Policies
General	3		Segment Information
General	4		Disclosures of changes in accounting policy and estimates
General	4		Future Impact of Australian Accounting Standards not yet operative.
General	4		Changes in Accounting Estimates
Expense	2(m)	7	Employee benefit expense
Expense		8	Supplies and services
Expense		9	Depreciation and amortisation expense
Expense		10	Other expenses
Income		5	Provision of services
Income		6	Interest
Assets	2(i)	11	Receivables
Assets	2(j)	12,18	Other Financial Assets
Assets	2(j)	13	Other Assets
Assets	2(e)	14	Intangible assets
Liabilities	2(k)	15	Payables
Liabilities	2(l)	16	Provisions
Equity		17	Equity
Cash Flow		18	Notes to the cash flow statement
General		19	Contingent liabilities and contingent assets
General		20	Events occurring after balance date
General		21	Commitments
General		22	Explanatory statement
General	2(g)	23	Financial instruments
General		24	Remuneration of accountable authority and senior officers
General		25	Remuneration of auditor
General		26	Related bodies
General		27	Supplementary financial information

This index does not form part of the financial statements

## Local Health Authorities Analytical Committee

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 1. Australian equivalents to International Financial Reporting Standards

The Authority's financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

#### Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2009.

#### 2. Summary of significant accounting policies

##### (a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

##### (b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention. The Committee does not hold any tangible assets.

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars rounded to the nearest.

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 5 'Key sources of estimation uncertainty'.

#### (c) Reporting Entity

The reporting entity comprises the Authority and the Related Bodies listed at note 26 'Related bodies'.

#### (d) Income

##### *Revenue Recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

##### *Provision of services*

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

##### *Interest*

Revenue is recognised as the interest accrues.

#### (e) Intangible assets

##### *Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (depreciated/amortised) over their useful life. Costs incurred of less than \$5000 are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Depreciation/amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the diminishing value basis using rates which are reviewed annually. All intangible assets controlled by the Authority have a finite useful life and zero residual value.

The expected useful lives for each class of depreciable asset are:

Intangible assets – Software	2.5 years
------------------------------	-----------

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### (f) Impairment of Assets

Intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life are tested for impairment at each reporting date irrespective of whether there is any indication of impairment. Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

See note 2(i) receivables and note 11 "Receivables" for impairment of receivables.

#### (g) Financial Instruments

In addition to cash and bank overdraft, the Authority has three categories of financial instrument:

- Loans and receivables;
- Held-to-maturity investments (commercial bills); and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

##### Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits

##### Financial Liabilities

- Payables

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. See note 2(j) for "Investment and other financial assets"

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### (h) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of twelve months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

#### (i) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (*i.e impairment*). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

See note 2(g) 'Financial Instruments' and notes 11 'Receivables' and 23 'Financial Instruments'.

#### (j) Investments and Other Financial Assets

The Authority classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each balance sheet date. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity when management has a positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Loans and receivables and held-to-maturity investments, such as commercial bills, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

#### (k) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(g) 'Financial Instruments' and note 15 'Payables'

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### (l) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 16 'Provisions'.

#### (i) Provisions - Employee Benefits

##### *Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed four years of service.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### *Superannuation*

Is paid to the employees chosen fund and the expense is recognised as and when as and when the contributions fall due. See also note 2(m) 'Superannuation expense'.

##### *Employment On-Costs*

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. See note 10 'Other expenses' and note 16 'Provisions'.

#### (m) Superannuation Expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

#### (n) Accrued Salaries

Accrued salaries (refer note 15 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.



## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### (o) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figure presented in the current financial year.

### 3 Other Policies

#### Segment Information

Segment information has not been disclosed by service. As the Authority has only one key area of service, Finance and Administration, therefore the Authority believes that the financial statements and notes to the financial statements adequately disclose all information.

### 4 Disclosure of Changes in Accounting Policy and Estimates

#### Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Authority:

Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';

AASB 1050 'Administered Items';

AASB 1051 'Land Under Roads';

AASB 1052 'Disaggregated Disclosures';

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance otherwise, there is no financial impact.

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### **Voluntary changes in Accounting Policy**

There has been no change in accounting policy for the 2008/09 year.

#### **Future impact of Australian Accounting Standards not yet operative**

The authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Authority does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009

#### **Changes in Accounting Estimates**

The Authority has made no change to the nature and amount of any accounting estimates that has an effect in the current period.

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>5. Provision of services</b>		
User charges	437,370	407,913
	437,370	407,913
<b>6. Interest revenue</b>		
Interest revenue	41,403	43,826
	41,403	43,826
Interest is earned from term deposits with terms 12 months or less		
<b>7. Employee benefits expense</b>		
Wages and salaries	28,426	-
Superannuation	2,503	-
Annual Leave (b)	2,301	-
	33,230	-
(b) Includes a superannuation contribution component		
<b>8. Supplies and services</b>		
Consultants and contractors	365,449	233,500
Other	53,618	50,294
	419,067	283,794
<b>9. Depreciation and amortisation expense</b>		
Depreciation		
Intangible asset – Software	-	9
Total depreciation	-	9
<b>10. Other Expenses</b>		
Employment on costs	4,392	-
Bad debts expense	-	2,079
	4,392	2,079
<b>11. Receivables</b>		
Current		
Receivables	4,154	7,029
Accrued Income	39,049	20,046
Accrued Interest	19,208	26,367
GST receivable	4,970	6,019
	67,381	59,461

See also note 2(i) 'Receivables' and note 23 'Financial instruments'.

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
<b>12. Other financial assets</b>		
Current at cost		
Term deposits	678,873	645,426
	678,873	645,426
<b>13. Other assets</b>		
Current		
Other – Prepayments	2,851	2,647
	2,851	2,647
<b>14. Intangible assets</b>		
Computer Software Development and Services		
At cost	39,466	39,466
Accumulated depreciation	(39,466)	(39,466)
	-	-
<b>Reconciliation</b>		
Computer software		
Carrying amount at start of year	-	9
Amortisation expense	-	(9)
Carrying amount at end of year	-	-
<b>15. Payables</b>		
Current		
Trade payables	41,834	11,850
Other payables	7,785	-
Accrued salaries	618	-
	50,237	11,850
See also note 2(k) 'Payables' and note 23 'Financial Instruments'.		
<b>16. Provisions</b>		
Current		
Employee benefit provision		
Annual Leave (a)	2,301	-
Employee on costs (b)	60	-
	2,361	-
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows :		
Within 12 months of balance sheet date	2,301	-
More than 12 months after balance sheet date	-	-
	2,301	-

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$

(b) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 10 'Other expenses'

#### 17. Equity

##### Retained Earnings

Balance at the start of the year	790,274	624,416
Change in accounting policy or correction of prior period errors	(22)	-
Restated balance at start of period	790,252	624,416
Result for the period	22,084	165,858
Balance at the end of the year	812,336	790,274

#### 18. Notes to the Cash Flow Statement

##### Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	115,829	94,590
Other financial assets – Term Deposits	678,873	645,426
	794,702	740,016

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
<b>18. Notes to the Cash Flow Statement.</b>		
<b>Continued</b>		
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Profit after equivalents	22,084	165,858
Non-cash items:		
Depreciation and amortisation expense	-	9
(Increase)/decrease in assets:		
Current receivables	(8,968)	34,724
Other current assets	(204)	76
Increase/(decrease) in liabilities:		
Current payables	38,362	(33,420)
Provisions	2,361	
Change in GST in receivables/payables	1,051	(6,298)
<b>Net cash provided by/(used in) operating activities</b>	<b>54,686</b>	<b>160,950</b>

#### **19. Contingent liabilities and contingent assets.**

As at 30 June 2009 the Committee did not have any contingent liabilities or assets.

#### **20. Events occurring after the balance sheet date**

No material events occurred after balance date.

#### **21. Commitments**

Capital

As at 30 June 2009 the Committee had no capital commitments.

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 22. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2009 and between the actual results for 2008 and 2009. Significant variations are considered to be those greater than 10% and \$1,000.

#### Significant variances between estimate and actual result for the financial year

	2009 Estimate \$	2009 Actual \$	Variance \$
<b>Total Revenue</b>			
Provision of services	418,000	437,370	19,370
Interest Income	18,000	41,403	23,403
<b>Expenses</b>			
Employee benefit expense	-	33,230	33,230
Supplies and services			
Analyst fees	362,000	365,448	3,448
Goods and services	52,500	53,618	1,118
Other Expenses	-	4,392	4,392

#### Provision of Services:

Increase is due to an unexpected excess fee income accrued resulting from the change of the 2007/08 accounting policy on the recognition of revenue and the implementation of the Revised Sampling Scheme during the year.

#### Interest Income

The Committee expected to utilise some of the cash reserves for the implementation of the revised service scheme and this did not occur to the same extent as expected.

#### Employee benefit expense

At the time of presenting the forward estimates the Committee had not committed to employing a full time equivalent employee, this decision was not made until late in 2008 and service did not commence until February 2009.

#### Supplies and services

##### Analyst Fees

More than the anticipated number of samples submitted for analysis in the 2007/08 year were carried forward into 2008/09 due to the change in accounting policy 2007/08.

##### Goods and services

Advertising and Audit costs higher than anticipated. New Scheme expenditure approved by the Committee in 2007/08 did occur in this financial year.

##### Other expenses

At the time of presenting the forward estimates the Committee had not committed to employing a full time equivalent employee, this decision was not made until late in 2008 and service did not commence until February 2009.

## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### Significant variances between actual and prior year actual - revenues and expenditures

##### Revenue

	2009 Actual \$	2008 Actual \$	Variance \$
<b>Total Revenue</b>			
Provision of services	437,370	407,913	29,457
Interest revenue	41,403	43,826	(2,423)
<b>Expenses</b>			
Employee benefit expense	33,230	-	33,230
Supplies and services			
Analyst fees	365,448	233,500	131,948
Goods and services	53,618	50,294	3,324
Other expense	4,392	2,079	2,313

##### Provision of services

Increase is due to an unexpected excess fee income accrued resulting from the change of the 2007/08 accounting policy on the recognition of revenue and the implementation of the Revised Sampling Scheme during the year.

##### Interest revenue

Decreased due to a reduction in interest rates during the year on cash being held in term deposits.

##### Employee benefit expense

The Committee employed a full time secretary to oversee the implementation of the Revised Sampling Scheme.

##### Supplies and services

##### Analyst Fees

Increase due to a change in accounting policy 2008, as advised by the Office of the Auditor General, on recording the expense to match the recognition of excess sample fee income.

##### Goods and services

There was an increase due to contract expense being terminated in favour of a full time employee along with increases in advertising and audit fees.

##### Other Expense

Increase due to employee related costs on the employment of a full time employee.



## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 23. Financial instruments

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

Financial instruments held by the Authority are cash and cash equivalents, term deposits. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

##### Credit risk

The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

##### Liquidity risk

The Authority's objective is to maintain a balance between cash and term deposits. The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

##### (b) Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows

	2009	2008
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	115,829	94,590
Receivables (a)	62,410	59,491
Held-to-maturity investments	678,872	645,426
<b>Financial Liabilities</b>		
Payables (a)	50,237	11,850

(a) The amount of financial assets and liabilities measured at amortised cost excludes GST receivable / payable to the ATO (statutory receivable/payable).

# Local Health Authorities Analytical Committee

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

**(c) Financial Instrument Disclosures**

**Credit Risk and Interest Rate Risk Exposures**

The following table discloses Authority's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of financial assets, as shown below. The table discloses the ageing analysis of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

**Interest rate exposures and ageing analysis of financial assets (a)**

	Interest rate exposure		Past due but not impaired							Impaired Financial assets \$			
	Average Effective Interest Rate %	Weighted	Carrying Amount \$	Variable Interest Rate \$	Non- Interest Bearing \$	Up to 3 Months \$	3-12 months \$	1-2 years \$	2-3 Years \$		3-4 Years \$	4-5 Years \$	More than 5 Years \$
<b>Financial Assets</b>													
<b>2009</b>													
Cash and Cash Equivalents	0.30		115,829	115,829	-	-	-	-	-	-	-	-	-
Other financial assets	6.13		678,873	-	-	-	678,873	-	-	-	-	-	-
Receivables (a)			62,410	-	62,410	-	58,256	-	-	-	-	4,154	-
			857,112	115,829	62,410	-	737,129	-	-	-	-	4,154	-
<b>2008</b>													
Cash and Cash Equivalents	0.30		94,590	94,590	-	-	-	-	-	-	-	-	-
Other financial assets	6.98		645,426	-	-	-	645,426	-	-	-	-	-	-
Receivables(a)			53,442	-	53,442	20,046	26,367	-	-	-	-	7,029	-
			793,458	94,590	53,472	20,046	671,799	-	-	-	-	7,029	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)

# Local Health Authorities Analytical Committee

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

### Interest rate exposure and maturity analysis of financial liabilities

	<u>Interest rate exposure</u>		<u>Maturity dates</u>								
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Non- Interest Bearing	Up to 3 Months	3 - 12 months	1-2 years	2- 3 Years	3-4 Years	4-5 Years	More than 5 Years
<b>Financial Liabilities</b>											
2009 Payables(a)		50,237	-	50,237	-	-	-	-	-	-	-
		50,237	-	50,237	-	-	-	-	-	-	-
2008 Payables(a)		11,850	-	11,850	-	-	-	-	-	-	-
		11,850	-	11,850	-	-	-	-	-	-	-

(a) The amount of financial liabilities measured at amortised cost excludes the GST payable to the ATO (statutory payable).



## Local Health Authorities Analytical Committee

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

	2009	2008
	\$	\$
<b>24. Remuneration of accountable authority and senior officers</b>		

#### Remuneration on Members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2009	2008
\$		
\$0 – \$10,000	9	8
The total remuneration of members of the accountable authority is:	0	0

#### Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2009	2008
\$		
\$30,000 – \$40,000	1	-
The total remuneration of senior officers is:	33,320	-

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority.

No senior officers are members of the Pension Scheme.

#### **25. Remuneration of auditor**

The total of fees paid or due and payable to the Auditor General for the financial year, is as follows:

Auditing the accounts, financial statements and performance indicators	17,400	16,500
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#### **26. Related bodies**

The Authority has no related bodies.

## Local Health Authorities Analytical Committee

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

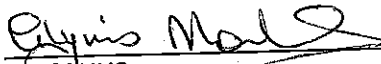
**27. Supplementary financial information**  
**Write-Offs**  
Public property written-off by the Committee  
during the financial year.

2009	2008
\$	\$
-	2,079


**Local Health Authorities  
Analytical Committee**

**CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2009**

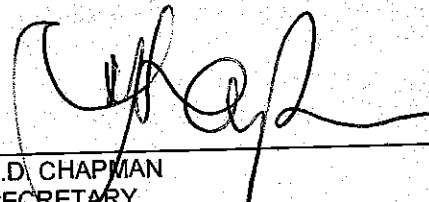
We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Local Health Authorities Analytical Committee performance, and fairly represent the performance of the Local Health Authorities Analytical Committee for the financial year ended 30 June 2009.

  
G. MONKS  
CHAIRMAN


DATE: 21st Sept 09

  
R.E. BOARDMAN  
COMMITTEE MEMBER

DATE: 24.9.09

  
T.D. CHAPMAN  
SECRETARY

DATE: 21 Sept '09

  
P. C. SPROULE CPA  
PRINCIPAL ACCOUNTING OFFICER

DATE: 21/09/2009

# Local Health Authorities Analytical Committee

## PERFORMANCE INDICATORS

Section 61 of the Financial Management Act requires statutory authorities to prepare performance indicators and such other information as required by the Treasurer's Instructions.

The following performance indicators have been formulated in the light of the Committee's obligation under the Health Act of 1911 to "provide analytical services for use by local authorities".

The following performance indicators have been formulated to provide an indication of the effectiveness and efficiency of the Committee's operations. Historically, and due to the complexities of collecting the necessary data, the Committee has only conducted surveys every three - four years. However, following completion of the 2006 audit it was agreed to conduct them annually. Thus, with the exception of Indicator Ai), results shown are for 2003 and 2007.

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### Targeted Areas of Operational Improvement in 2007/2008

At the commencement of 2007/2008 the LHAAC Committee made a concerted effort to increase the number of Local Government members using the service and improve the turnaround times on samples and the level of satisfaction of the service compared to 2006/2007. The Committee continued with this objective in 2008/2009, and at the same time commenced the implementation of the Revised Sampling Scheme in February 2009. There was a slight reduction in the number of samples submitted - due primarily to a degree of confusion over the timing of the implementation of the Revised Sampling Scheme - and compounded by a continuing shortage of Environmental Health Officers in Local Government, resulting in a major reduction in workload in the traditional areas of EHO duties (including food sampling).

*The following performance indicators have been formulated to provide an indication of the effectiveness and efficiency of the Committee's operations.*

### OUTCOME

**TO PROVIDE A CHEMICAL FOOD ANALYSIS SERVICE TO LOCAL AUTHORITIES IN WESTERN AUSTRALIA.**

#### **A AUDITED INDICATORS**

##### **i) Performance Indicator: Efficiency**

	2009	2008	2007	2006
No of units analysed	38,350	19,626	33,193	34,516
Total expenditure	456,689	285,882	406,350	420,424
Expenditure per work unit	11.91	14.57	12.24	12.18



## Local Health Authorities Analytical Committee

### PERFORMANCE INDICATORS

This represents a decrease in the cost per unit analysed. However, 2007/08 was a particularly low utilisation of units, and with so many fixed costs placed on the Committee this resulted in a high cost per unit. The higher the number of units used, the lower the cost per unit due to economies of scale. Payments to the Analyst are made at the rate of \$13.75 for 1 to 20,000 units but reduce to \$6.80 for units 20,001 and above. This difference in payment rates brings down the cost per unit significantly when the number of units analysed is more than 20,000.

The number of units increased in 2008/09 due to two main reasons: Firstly, the Committee contacted every Local Government towards the end of the 2007/08 year urging them to collect samples as per their allocation for the year and reminding them that whilst the RSS was in design the 'Local Scheme' could still be used. This resulted in a significant number of samples presented to the Analyst in the last three months of 2007/2008, many of which were not processed in that year but in the early part of 2008/2009; Secondly, both schemes were in operation in 2008/2009 as the RSS was introduced into a number of pilot sites in February 2009. In addition Local Governments were regularly reminded that the Local Scheme was still operational as the Committee sought to ensure all Local Governments utilised their allocation of units for the 2008/09 year.

#### ii) Performance Indicator: Effectiveness

Due to the partial implementation of the Revised Sampling Scheme in February 2009 and the disruption this caused for local government members during the year the Committee determined not to re-survey local government members this year. The comments below therefore relate to the survey undertaken in 2007/08.

NOTE: Number of Local Government members is 140 and 51 completed survey responses were received, representing a 36% sample.

#### Provision of appropriate reports to Local Authorities on the outcome of analyses:

YEAR	Excellent		Very Good		Good		Average		Poor		Non- Resp	
	No	%	No	%	No	%	No	%	No	%	No	%
2008	13	25.5	14	27.4	14	27.4	4	7.8	0	0	6	11.8
2007	18	26.1	22	31.9	22	31.9	5	7.3	2	2.9	0	-
2003	5	9.1	24	43.6	22	40	4	7.3	0	-	0	-

Despite the efforts of the Committee to raise awareness – and usage – of the existing scheme in 2007/08 there was a reduction in the number of Local Governments using the service this year and in the number of samples submitted for analysis. The scheme had fewer members providing fewer samples. Discussions with Local Government members revealed apathy in the service and declining numbers of Environmental Health Officers (EHOs) in Local Governments to initiate the work.

Despite aims to improve the level of service delivery, our survey results indicate we failed in our targeted improvement. Level of positive responses (excellent, very good and good) was a little over 80% for the year, compared with nearly 90% in 2007 and a very positive 93% in 2003.

## Local Health Authorities Analytical Committee

### PERFORMANCE INDICATORS

#### B UNAUDITED INDICATORS

##### i) Performance Indicator: Timeliness

Due to the partial implementation of the Revised Sampling Scheme in February 2009 and the disruption this caused for local government members during the year the Committee determined not to re-survey local government members this year. The comments below therefore relate to the survey undertaken in 2007/08.

To analyse foods submitted in accordance with the following scheduled times: -

- Routine analyses - within two weeks
- Non-routine analysis - within four weeks

YEAR	Excellent		Very Good		Good		Average		Poor		Non- Resp	
	No	%	No	%	No	%	No	%	No	%	No	%
2008	8	15.7	8	15.7	8	15.7	11	21.6	10	19.6	6	11.8
2007	11	15.9	9	8.7	15	21.7	16	23.2	18	26.1	0	-
2003	5	9.1	10	18.2	14	25.5	14	25.5	12	21.2	0	-

The Committee recognised the deterioration in both usage and level of satisfaction in 2006 and 2007 and sought to address these factors. There was a small improvement in the positive responses to timeliness with 47.10 % of respondents indicating a positive response (excellent, very good or good) and substantially fewer (41.2%) indicating a negative response (average or poor) than in 2007 (49.3%) or 2003 (46.7%). The Committee are disappointed with this level of improvement, believing that the continued decline in number of users makes it harder to achieve substantial improvements to service delivery.

##### ii) Quality (Perceived Value for Money)

YEAR	Excellent		Very Good		Good		Average		Poor		Non- Resp	
	No	%	No	%	No	%	No	%	No	%	No	%
2008	8	15.7	9	17.6	17	33.3	8	15.7	2	3.9	7	13.7
2007	13	18.8	14	20.3	22	31.9	17	24.6	3	4.4	0	-
2003	8	14.5	7	12.7	22	40	15	27.3	3	7.1	0	-

The Committee hoped for a higher level of improvement this year and were disappointed in the results of the KPI survey. Whilst there are fewer Local Governments expressing negative (average or poor), which was down from 34.4% in 2003 and 29% in 2007 to a lower 19.6% in 2008, the overall level of positive responses (66.6%) was lower than 2007 (71% positive and 2003 (67.2% positive). The fact that it is essentially the same group of Local Governments using the service each year makes it harder to generate more positive feedback. There is a degree of apathy when using the same service and responding to the same survey each year. New users often give very positive first year results, but LHAAC rarely has that experience with most of its users long serving.

## Local Health Authorities Analytical Committee

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### PERFORMANCE INDICATORS

- ii) **Provision of technical and analytical advice to local authorities where necessary to assist with preparation of briefs, attendance in court and giving of evidence:**

Due to the partial implementation of the Revised Sampling Scheme in February 2009 and the disruption this caused for local government members during the year the Committee determined not to re-survey local government members this year. The comments below therefore relate to the survey undertaken in 2007/08.

YEAR	Excellent		Very Good		Good		Average		Poor		Non- Resp	
	No	%	No	%	No	%	No	%	No	%	No	%
2008	13	25.5	14	27.4	13	25.5	3	7.7	0	-	8	15.7
2007	19	23.2	19	23.2	22	31.9	6	8.7	1	1.5	2	3.0
2003	5	9.1	23	41.8	18	27.3	2	3.6	0	-	7	12.7

Users of this aspect of the service provided by the Analyst once again reported very positively, particularly in the area of legal advice, court appearances etc. Those rating the advisory services as Excellent again increased from 23.2% in 2007 to 25.5 in 2008. The overall positive ratings increased to 78.4 (up from 78.3 in 2007 and 78.2 in 2003), where as those dis-satisfied at this level fell from 10.2% in 2007 to 7.7% in 2008.

Results are based on 51 responses (36% of members) in 2008, 69 responses (49% of members) in 2007 and 55 responses in 2003 (39% of members).

## Local Health Authorities Analytical Committee

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### MINISTERIAL DIRECTIVES FOR THE YEAR ENDED 30 JUNE 2009

#### Ministerial Directives

No Ministerial Directives were received during the financial year.

#### Other Financial Disclosures

##### **Pricing policies on services**

The Committee derives its revenue from local authorities based on:-

1. an assessment calculated on the proportion of the population of the local authority to the population of the State of Western Australia;
2. the cost of processing units in excess of the unit allowance included in the assessment;
3. a minimum assessment for authorities with a population less than 1,500.

The assessment for each local authority includes a defined number of units of analysis to be undertaken by the analysts and the assessments are calculated to provide the Committee with income to meet expenses.

The fees payable for additional units of analysis are structured to encourage local authorities to increase their use of the service, that is, the higher the volume, the lower the rate. The structuring in this manner also gives recognition to the local authorities which sample on a high volume basis.

#### **Employment and Industrial Relations**

##### **Staff Profile**

During the year, starting in February 2009, one full time staff was employed to complete the duties of the Local Health Authorities Analytical Committee. Prior to February 2009 the administrative duties were completed by one full time contractor and two part time contractors.

	2009	2008
Full-time permanent	0.4	0
Full-time contract	1	1
Part-time contract	1.6	2
On secondment	0	0
	<u>3</u>	<u>3</u>

## Local Health Authorities Analytical Committee

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### GOVERNANCE DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2009

#### Governance Disclosures

##### **Contract with Senior Officers**

At the date of reporting, other than the normal contract of services provided, no Senior Officer, of firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interest in existing or proposed contracts with the Authority and Senior Officers.

##### **Insurance Premiums paid to indemnify members of the Board**

An insurance policy has been taken out to indemnify members of the Board against and liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2008/09 was \$2,930.

#### Other Legal Requirements

##### **Compliance with Public Sector Management Act Section 31(1)**

1. In the administration of the Local Health Authorities Analytical Committee, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	nil
Number of breaches found, including details of multiple breaches per application:	nil
Number still under review:	nil

##### **Electoral Act 1907 section 175ZE**

In compliance with section 175ZE of the Electoral Act 1907, the Local Health Authorities Analytical Committee is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of the report are as follows:

<b>Expenditure with Advertising Agencies</b>	<b>\$0</b>
<b>Expenditure with Market Research Agencies</b>	<b>\$0</b>
<b>Expenditure with Polling Agencies</b>	<b>\$0</b>
<b>Expenditure with Direct Mail Agencies</b>	<b>\$0</b>
<b>Expenditure with Media Advertising Agencies</b>	<b>\$0</b>
<b>TOTAL EXPENDITURE</b>	<b>\$0</b>

## Local Health Authorities Analytical Committee

### GOVERNMENT POLICY REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### Annual Estimates

Section's 40 and 61 of the Financial Management Act 2006 provided that the Authority submit annual estimates of the annual operations for both the current and preceding financial year of the Authority to the Minister of Health for approval.

<b>Budget</b>	<b>2008/09</b>
<b>Revenues from operating activities</b>	
Goods and Services	418,000
<b>Revenue from non operating activities</b>	
Interest Revenue	18,000
<b>Total Revenue from ordinary activities</b>	<b>436,000</b>
<b>Expenses</b>	
<b>Expenses from operating activities</b>	
Supplies and services	414,500
<b>Total expenses from operating activities</b>	<b>414,500</b>
 <b>Net Profit / (Loss)</b>	 <b>21,500</b>
<b>Budget</b>	<b>2009/10</b>
<b>Revenues from operating activities</b>	
Goods and Services	440,000
<b>Revenue from non operating activities</b>	
Interest Revenue	20,000
<b>Total Revenue from ordinary activities</b>	<b>460,000</b>
<b>Expenses</b>	
<b>Expenses from operating activities</b>	
Employee Services	99,965
Supplies and services	361,450
<b>Total expenses from operating activities</b>	<b>461,415</b>
 <b>Net Profit / (Loss)</b>	 <b>(1,415)</b>