

# **Local Health Authorities Analytical Committee**



## **ANNUAL REPORT**

**For the year ended 30 June 2011**

# Local Health Authorities Analytical Committee

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# Local Health Authorities Analytical Committee

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## STATEMENT OF COMPLIANCE

For the year ended 30 June 2011

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

In accordance with Section 63 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 2011.

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

R.E. Boardman  
Chairman of Accountable Authority

Date:

D.Wilson  
Member of Accountable Authority

Date:

T.D Chapman  
Coordinator of Accountable Authority

Date:

Peter Sproule CPA  
Chief Financial Officer

Date:

### **Contacts**

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# Local Health Authorities Analytical Committee

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## 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:

- The Revised Sampling Scheme (RSS), fully implemented on 1 July 2009, was further revised in July 2010 when the Committee implemented a three-tiered sampling program.
- During the course of the year four LHAAC Updates were forwarded to all Local Governments participating in the Scheme.
- In June 2011 the LHAAC conducted a Satisfaction Survey of all Local Governments and a User Feedback survey of the Top 20 users of the Scheme (based on annual submissions). The Committee also conducted direct one on one consultations with a number of individual Local Governments during the operational year and attended two regional forums and the Environmental Health Association (WA) Conference in May 2011.
- In June 2011 the committee appointed independent consultants to review the performance of the Strategic Plan for LHAAC.

#### Operational Structure

The Statutory Authority encompasses the following structural area:

- Administration

#### 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 2009-10 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.

# Local Health Authorities Analytical Committee

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## Responsible Minister

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

## Organisational Structure

### 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.

### 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:-

### Statutory Members

City of Perth	Ms. Elaine Clucas
City of Fremantle	Mr. Joseph Zappavigna
City of South Perth	Mr. Jason Jenke
City of Melville	Mr. John Burton
City of Stirling	Mr Greg Ducas
Authorities within	

## Local Health Authorities Analytical Committee

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40km of the GPO

Position Vacant  
Mr Rob Boardman (CHAIRMAN)  
Mr David Wilson

Other Authorities

Cr Valerie Ammon  
Mr Colin Dent

### **Mr. Rob Boardman**

Mr Boardman is Director of 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 Valerie Ammon**

Cr Ammon is a newly elected member of the LHAAC commencing in June 2011 and is a Councillor with the Shire of Gingin. Cr Ammon is the owner/manager of a restaurant in the shire. Cr Ammon is one of the two members representing councils 40 kilometres outside the Perth metropolitan area.

### **Mr John Burton**

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

### **Ms Elaine Clucas**

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

### **Mr Colin Dent**

Mr Dent is Manager of Health Services with the Shire of Capel and is one of the two members representing councils 40 kilometres outside the Perth metropolitan area

### **Mr Greg Ducas**

Mr Ducas is Coordinator Environment Health Services with the City of Stirling, one of the five Local Governments who are statutory members of the LHAAC.

### **Mr Jason Jenke**

Mr Jenke is Coordinator Environmental Health Services with the City of South Perth, one of the five Local Governments who are statutory members of the LHAAC.

### **Mr David Wilson**

Mr Wilson is a Senior Environmental Health Officer with the City of Joondalup and is one of the three Local Government members within a forty kilometre distance of Perth CBD.

### **Mr Joseph Zappavigna**

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

# Local Health Authorities Analytical Committee

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## Senior Officers:

### **Trevor Chapman BBus**

LHAAC Coordinator who has worked in the Local Government sector in England and Australia for more than three decades, including ten years running his own consultancy.

### **Peter Sproule BCom CPA (Chief Financial Officer)**

Peter Sproule has been the contact CFO since 1998 and presently is the principal of Chatto Business Services.

## **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

## Local Health Authorities Analytical Committee

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- Nuclear Waste Storage and Transportation
- (Prohibition) Act 1999
- Nurses Act 1992
- Occupational Therapists Act 2005
- 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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## 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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## 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 Governments throughout the State.

#### AGENCY

<b>Outcome 1:</b>  To provide a coordinated Sampling Scheme for the analysis of food products for use by all Local Governments in Western Australia.	<b>Key Effectiveness Indicator 1:</b>  The proportion of Local Governments with food manufacturers in their region who use the LHAAC Scheme.
<b>Service 1:</b>  Analysis of food and food products	<b>Key Efficiency Indicator 1:</b>  Number of units analysed against total expenditure (cost of service) to provide Expenditure per Unit of Sampling.  <b>Key Efficiency Indicator 2:</b>  Proportion of reports completed and returned by the Analyst to the submitting Local Government in the specified turnaround time of two weeks for routine samples and four weeks for non-routine samples.

In July 2009 the Committee fully implemented the Revised Sampling Scheme which placed the onus on manufacturers of food products and the responsibility for sampling those manufacturers with the Local Government Authority in which they are located. The Scheme was further revised in July 2010 when the Committee introduced a three-tiered sampling scheme which sought to include both those Local Governments with manufacturers operating in their locality, and also sought to encourage other Local Governments to utilise the scheme in a more structured and coordinated manner.

This has resulted in a more efficient, effective and economical food sampling service for all Western Australians. The changes in the Revised Scheme now more directly address the stated government goal.

#### Changes to Outcome Based Management Framework

The Authority's Outcome Based Management Framework did not change during 2010-11.

#### Shared Responsibilities with Other Agencies

The Authority did not share any responsibilities with other agencies during 2010-11.

# Local Health Authorities Analytical Committee

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## 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:

- The Revised Sampling Scheme (RSS), fully implemented on 1 July 2009, was further revised in July 2010 when the Committee implemented a three-tiered sampling program.
- During the course of the year four LHAAC Updates were forwarded to all Local Governments participating in the Scheme.
- In June 2011 the LHAAC conducted a Satisfaction Survey of all Local Governments and a User Feedback survey of the Top 20 users of the Scheme (based on annual submissions). The Committee also conducted direct one on one consultations with a number of individual Local Governments during the operational year and attended two regional forums and the Environmental Health Association (WA) Conference in May 2011.
- In June 2011 the committee appointed independent consultants to review the performance of the Strategic Plan for LHAAC.

### Actual results versus Budget Targets

#### Financial Targets

	2010-11 Target \$	2010-11 Actual \$	Variation \$
Total Expenses (sourced from Statement of Comprehensive Income)	537,000	465,551	(71,449) (a)
Total Income (sourced from Statement of Comprehensive Income)	461,000	478,270	17,270 (b)
Total equity (sourced from Statement of Financial Position)	875,390	812,109	(63,281) (c)
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	27,266	4,640	(22,626)
Approved full time equivalent (FTE) Staff level	1	1	-

As specified in the Budget Statements for the year in question.

Further explanations are also contained in Note 23 'Explanatory statement' to the financial statements.

- (a) The variation is due to a lower than anticipated number of units analysed resulting in a reduced payment to the Analyst.
- (b) The variation is due to a higher than expected interest revenue.
- (c) The variation is due to a profit during the year compared to targeted loss expectation.

## Local Health Authorities Analytical Committee

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### Summary of Key Performance Indicators

	2010-11 Target \$	2010-11 Actual \$	Variation \$
<i>Outcome 1: To provide a coordinated Sampling Scheme for the analysis of food products for use by all Local Governments in Western Australia</i>			
Key Effectiveness Indicator(s): <b>The proportion of Local Governments with food manufacturers in their region who use the LHAAC Scheme.</b>	85%	81%	(4%)
<i>Service 1: Analysis of food and food products</i>			
Key Efficiency Indicator(s): <b>Number of units analysed against total expenditure (cost of service) to provide Expenditure per Unit of Sampling.</b>	-	19.01	-
<b>Proportion of reports completed and returned by the Analyst to the submitting Local Government in the specified turnaround time of two weeks for routine samples and four weeks for non-routine samples.</b>	80%	49%	(31%)

1. As specified in the Budget Statements for the year in question.
2. Explanations for the variations between target and actual results are presented in note 23 'Explanatory statement' to the financial statements.

### Significant Issues Impacting the Agency

Continuing with changes to the sampling scheme to achieve greater improvements in the level of service delivered and the overall effectiveness of the sampling program. The main action to help achieve these improvements in 2010/11 was the introduction of a three-tiered sampling program which included coordinated sampling projects nominated by the Committee; Non-Compliance samples allowing the follow up on manufacturers and suppliers; and the return to discretionary sampling to allow Local Governments to randomly sample local suppliers.

# Local Health Authorities Analytical Committee

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## DISCLOSURES AND LEGAL COMPLIANCE

### FINANCIAL STATEMENTS

#### Certification of Financial Statements For the year ended 30 June 2011

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 ended 30 June 2011 and the financial position as at 30 June 2011.

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.

R.E. Boardman  
Chairman of Accountable Authority

Date:

D. Wilson  
Member of Accountable Authority

Date:

T. Chapman  
Coordinator to Accountable Authority

Date:

Peter Sproule CPA  
Chief Financial Officer

Date:

## Local Health Authorities Analytical Committee

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
<b>INCOME</b>			
<b>Revenue</b>			
Provision of services	7	431,669	420,092
Interest revenue	8	46,601	40,603
<b>TOTAL INCOME</b>		<b>478,270</b>	<b>460,695</b>
<b>EXPENSES</b>			
Employee benefits expense	9	93,890	92,946
Supplies and services	10	361,715	365,344
Other expenses	11	9,946	15,351
<b>TOTAL EXPENSES</b>		<b>465,551</b>	<b>473,641</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>12,719</b>	<b>(12,946)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>12,719</b>	<b>(12,946)</b>

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

# Local Health Authorities Analytical Committee

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011	2010
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	816,608	811,968
Receivables	12	36,864	36,538
Other current assets	14	2,911	2,787
<b>Total Current Assets</b>		<b>856,383</b>	<b>851,293</b>
<b>Non-Current Assets</b>			
Intangible Asset	13	-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>856,383</b>	<b>851,293</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	15	40,045	46,213
Provisions	16	4,229	5,690
<b>Total Current Liabilities</b>		<b>44,274</b>	<b>51,903</b>
<b>Total Liabilities</b>		<b>44,274</b>	<b>51,903</b>
<b>NET ASSETS</b>		<b>812,109</b>	<b>799,390</b>
<b>EQUITY</b>			
Retained earnings	17	812,109	799,390
<b>TOTAL EQUITY</b>		<b>812,109</b>	<b>799,390</b>

The Statement of Financial Position 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 2011

	Note	Contributed Equity \$	Reserves \$	Accumulated surplus / (deficit) \$	Total Equity \$
<b>Balance at 1 July 2009</b>	17	-	-	812,336	812,336
Change in accounting policy or correction of prior period errors		-	-		
<b>Restated balance at 1 July 2009</b>		-	-	<b>812,336</b>	<b>812,336</b>
Total comprehensive income for the year		-	-	(12,946)	(12,946)
Total		-	-	(12,946)	(12,946)
<b>Balance at 30 June 2010</b>	17	-	-	<b>799,390</b>	<b>799,390</b>
<b>Balance at 1 July 2010</b>	17	-	-	<b>799,390</b>	<b>799,390</b>
Total comprehensive income for the year		-	-	12,719	12,719
Total		-	-	12,719	12,719
<b>Balance at 30 June 2011</b>	17	-	-	<b>812,109</b>	<b>812,109</b>

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



# Local Health Authorities Analytical Committee

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Provision of services		431,669	458,444
Interest received		43,053	37,492
GST receipts on sales		43,167	45,602
GST receipts from taxation authority		29,865	29,865
<b>Payments</b>			
Employee benefits		(112,044)	(99,701)
Supplies and services		(348,664)	(372,917)
Finance costs		(233)	(215)
GST payments on purchases		(36,713)	(35,843)
GST payments to taxation authority		(45,461)	(45,461)
<b>Net cash provided by/(used in) operating activities</b>	18	<b>4,640</b>	<b>17,266</b>
Net increase/(decrease) in cash and cash equivalents	18	4,640	17,266
Cash and cash equivalents at the beginning of period	18	811,968	794,702
<b>CASH AND CASH EQUIVALENTS ASSETS AT THE END OF PERIOD</b>	18	<b>816,608</b>	<b>811,968</b>

The Statement of Cash Flow 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 2011

Subject	Policy Note	Disclosure Note	Title of the Policy
General	1		Australian Accounting Standards
General	1		General
General	1		Early Adoption of 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)	7	Provision of services
Income	2(d)	8	Interest
Assets	2 (e)	13	Intangible assets
Assets	2(f)		Impairment of assets
Assets/Liabilities	2(g)	23	Financial instruments
Assets	2(h)	18,23	Cash and Cash Equivalents
Assets/Liabilities	2(i)		Accrued Salaries
Assets	2(j)	12	Receivables
Assets	2(k)		Investments and Other Financial Assets
Liabilities	2(l)	15	Payables
Liabilities	2(m)	16	Provisions – Employee Benefits
Expense	2(n)		Superannuation expense
General	2(o)		Comparative figures
General	3		Other Policies that are not included in this model
General	4		Judgements made by management in applying accounting policies
General	5		Key sources of estimation uncertainty
General	6		Disclosure of changes in accounting policy and estimates
Income		7	Provision of services
Income		8	Interest revenue
Expense	2(m)	9	Employee benefit expense
Expense		10	Supplies and services
Expense		11	Other expenses
Asset		18,23	Restricted cash and cash equivalents
Asset		12	Receivables
Asset	2 (e)	13	Intangible assets
Asset		14	Other current assets
Liabilities	2(l)	15	Payables
Liabilities	2(m)	16	Provisions
Equity		17	Equity
Cash Flow		18	Notes to the statement of Cash Flows
General		19	Commitments
General		20	Contingent liabilities and contingent assets
General		21	Events occurring after balance date
General		22	Explanatory statement
General	2(g)	23	Financial instruments
			<i>Financial risk management objectives and policies</i>
			<i>Categories of financial instruments</i>
			<i>Financial instrument disclosures</i>
General		24	Remuneration of accountable authority and senior officers
General		25	Remuneration of auditor
General		26	Related bodies
General		27	Supplementary financial information
			<i>Write offs</i>

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 2011

### **Note 1. Australian Accounting Standards**

The Authority's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Authority has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

#### **Early adoption of standards**

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2011.

### **Note 2. Summary of significant accounting policies**

#### **(a) General Statement**

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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.

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 and all values are rounded to the nearest dollars (\$).

Note 4 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Authority's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

## Local Health Authorities Analytical Committee

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Note 5 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **(c) Reporting Entity**

The reporting entity comprises the Authority and the Related Bodies listed at note 27 'Related bodies'.

### **(d) Income**

#### ***Revenue Recognition***

Revenue is recognised and 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 (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

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

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
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## **Local Health Authorities Analytical Committee**

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### **(f) Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. 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 and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

See note 2(j) receivables and note 12 "Receivables" for impairment of receivables.

### **(g) Financial Instruments**

In addition to cash, term deposits 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 of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

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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(k) for 'Investment and other financial assets'

### **(h) Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short and long term deposits with original maturities of three months to 2 years 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) 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 pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its net fair value.

### **(j) 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 against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the 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 12 'Receivables' and 23 'Financial Instruments'.

### **(k) 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, and available-for-sale 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 the end of each reporting period. 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 mortised cost, gains and losses are recognised in the Statement of Comprehensive Income 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.

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## **(l) Payables**

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. 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'

## **(m) Provisions**

Provisions are liabilities of uncertain timing or 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 the end of each reporting period.

See note 16 'Provisions'.

### Provisions - Employee Benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

#### *Annual Leave*

The liability for annual leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### *Long Service Leave*

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national

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government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

### *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(n) 'Superannuation expense'.

### *Employment On-Costs*

Employment on-costs, including workers' compensation insurance, 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 included as part of 'Other expenses' and are not included as part of the Authority's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

See note 11 'Other expenses' and note 16 'Provisions'.

### **(n) 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.

Refer to note 2(m) 'Provisions – Employee Benefits' under Superannuation

### **(o) Comparative Figures**

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



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## **Note 3. Other policies not included in this model**

### **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.

## **Note 4. Judgements made by management in applying accounting policies**

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Authority evaluates these judgements regularly.

## **Note 5. Key sources of estimation uncertainty**

The Authority makes key estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## **Note 6. Disclosure of changes in accounting policy and estimates**

### **Initial application of an Australian Accounting Standard**

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Authority.

2009-5                    *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]*

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the Authority to the risks/rewards attributable to control of land, no changes to accounting estimates

have been included in the Financial Statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Authority's Statement of Cash Flows relate to increases in recognised assets.

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

There has been no change in accounting policy for the 2010-11 year.

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

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

Title	Operative for reporting periods beginning on/after
<p>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 &amp; 1038 and Interpretations 10 &amp; 12].</i></p> <p>The amendment to AASB 7 <i>Financial Instruments: Disclosures</i> requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
<p>AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</i></p> <p>This Standard introduces a number of terminology changes. There is no financial impact on the Authority resulting from the application of this revised Standard.</p>	1 Jan 2011
<p>AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013
<p>AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p>	1 July 2013

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This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.

The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

*AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]* 1 July 2011

This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

*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] (October 2010)* 1 Jan 2011

This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on the Authority resulting from the application of this revised Standard.

*AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]* 1 July 2011

This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets. The Standard is not expected to have any financial impact on the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

*AASB 9 Financial Instruments* 1 Jan 2013  
This Standard supersedes *AASB 139 Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting

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treatments. The Standard was reissued on 6 Dec 2010 and the Authority is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.

- |                    |  |             |
|--------------------|--|-------------|
| <i>AASB 2010-7</i> | <i>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 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i><br>This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 <i>Financial Instruments</i> in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies. | 1 Jan 2013  |
| <i>AASB 1054</i>   | <i>Australian Additional Disclosures</i><br>This Standard, in conjunction with <i>AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> , removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.  | 1 July 2011 |
| <i>AASB 2011-1</i> | <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 &amp; 134 and Interpretations 2, 112 &amp; 113]</i><br>This Amending Standard, in conjunction with <i>AASB 1054 Australian Additional Disclosures</i> , removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.                            | 1 July 2011 |

### **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.

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	2011 \$	2010 \$
<b>Note 7. Provision of services</b>		
User charges	431,669	420,092
	431,669	420,092
<b>Note 8. Interest revenue</b>		
Interest revenue	46,601	40,603
	46,601	40,603
Interest is earned from term deposits with terms 12 months or less		
<b>Note 9. Employee benefits expense</b>		
Wages and salaries (a)	86,165	85,114
Superannuation	7,725	7,832
	93,890	92,946
(a) Includes the value of leave entitlements including superannuation contribution component.		
Employment on-costs such as workers compensation insurance are included in the note 11 "Other expenses" .		
Employment on-cost liability included at note 16 "Provisions"		
<b>Note 10. Supplies and services</b>		
Consultants and contractors	316,423	312,360
Other	45,292	52,984
	361,715	365,344
<b>Note 11. Other Expenses</b>		
Employment on costs	9,946	12,027
Bad debts expense	-	3,324
	9,946	15,351
<b>Note 12. Receivables</b>		
<u>Current</u>		
Receivables	35	35
Accrued Interest	25,865	22,318
GST receivable	10,964	14,185
<b>Total current</b>	36,864	36,538

See also note 2(j) 'Receivables' and note 23 'Financial Instruments'.

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	2011 \$	2010 \$
<b>Note 13. Intangible assets</b>		
Computer Software Development and Services		
At cost	39,466	39,466
Accumulated amortisation	(39,466)	(39,466)
	-	-
Reconciliations:		
<u>Computer software</u>		
Carrying amount at start of year	-	-
Amortisation expense	-	-
<b>Carrying amount at end of year</b>	-	-
 <b>Note 14. Other current assets</b>		
<u>Current</u>		
Other – Prepayments	2,911	2,788
<b>Total current</b>	2,911	2,788
 <b>Note 15. Payables</b>		
<u>Current</u>		
Trade payables	31,246	35,868
Other payables	7,378	9,279
Accrued salaries	1,341	1,006
Accrued Allowance	80	60
<b>Total current</b>	40,045	46,213

See also note 2(l) 'Payables' and note 23 'Financial instruments'.

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	2011 \$	2010 \$
<b>Note 16. Provisions</b>		
<u>Current</u>		
Employee benefit provision		
Annual Leave (a)	4,229	5,690
	4,229	5,690
<b>Other Provisions</b>		
Employee on costs (b)	-	-
	-	-
<b>Total current</b>	4,229	5,690

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows :

Within 12 months of the reporting period	4,229	5,690
More than 12 months after the reporting period	-	-
	4,229	5,690

- (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 11 'Other expenses'

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	2011	2010
	\$	\$

### Note 17. Equity

The Government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

### Retained Earnings

Balance at start of period	799,390	812,336
Result for the period	12,719	(12,946)
Income and expense recognised directly in equity	-	-
<b>Balance at end of the period</b>	<b>812,109</b>	<b>799,390</b>

### Note 18. Notes to the Statement of Cash Flows

#### Reconciliation of cash

Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	816,608	811,968
	<b>816,608</b>	<b>811,968</b>

#### Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Profit	12,719	(12,946)
<u>Non-cash items:</u>		
Depreciation and amortisation expense	-	-
<u>(Increase)/decrease in assets:</u>		
Current receivables(a)	(3,548)	40,058
Other current assets	(123)	63
<u>Increase/(decrease) in liabilities:</u>		
Current payables(a)	(6,167)	(4,024)
Provisions	(1,462)	3,329
Net GST receipts/(payments)(b)	3,221	(9,214)
<b>Net cash provided by/(used in) operating activities</b>	<b>4,640</b>	<b>17,266</b>

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, ie. cash transactions.

(c) This reverses out the GST in receivables and payables.



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**Note 19. Commitments**

Purchase

As at 30 June 2011 the Committee had no purchase commitments.

**Note 20. Contingent liabilities and contingent assets.**

As at 30 June 2011 the Committee did not have any contingent liabilities or assets.

**Note 21. Events occurring after the balance sheet date**

No material events occurred after balance date.

**Note 22. Explanatory statement**

This statement provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011. Significant variations are considered to be those greater to be those greater than 10% or \$1,000.

**Significant variances between estimate and actual for the financial year**

	2011 Estimate	2011 Actual	Variance
	\$	\$	\$
<b>Total Revenue</b>			
Provision of services	441,000	431,669	(9,331)
Interest Income	20,000	46,600	26,600
<b>Expenses</b>			
Supplies and services			
Analyst and consultants fees	371,099	316,422	(54,677)
Goods and services	62,901	45,291	(17,610)

Provision of Services:

This is a relatively minor variation given the size of the expenditure item. Many LGAs saw the shift towards manufacturers as a reason to cease local sampling completely, which resulted in a lesser number of units analysed.

The Committee also approved a change in accounting policy to waive excess fee charges in regards to 2009/2010 usage (charged in 2010/11), given that total sampling for the year was a little over 24,000 units but LGAs were charged on anticipated usage of 33,000 units. Only ten councils exceeded their allocation for 09/10 and one of those accounted for 75% of the excess units calculated.

Interest Income

The Committee expected to utilise some of the term deposit reserves on operational expenses but this did not occur to the extent expected.

Supplies and services

Analyst and consultants fees

The fall in income is due to the number of units processed by the analyst. Whilst the Committee charge Local Governments based on assumed allocated units, the analyst is only paid for samples analysed. Given there was a reduction in sampling again

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(compared to budgeted amount of 33,000 units), income for the analyst was significantly reduced.

### Goods and services

Expected promotional and consultant costs did not occur in the 2010/11 year.

### Significant variances between actual results for actual and prior year actual

	2011 \$	2010 \$	Variance \$
<b>Income</b>			
Provision of services	431,669	420,092	11,577
Interest revenue	46,600	40,603	5,997
<b>Expenses</b>			
Supplies and services			
Analyst and consultants fees	316,422	312,359	4,063
Goods and services	45,292	52,984	(7,692)
Other expense	9,946	15,351	(5,405)

### *Provision of services*

The Committee applied a CPI increase on the cost of units to LGA's.

### *Interest revenue*

Increase due to several Term Deposits being rolled over for a second or third investment period and interest being incorporated into principal amount.

### *Supplies and services*

#### *Analyst and consultants fees*

Cost of sampling units has increased compared to last year.

#### *Goods and services*

Expected promotional and consultant costs did not occur in the 2010/11 year.

#### *Other expense*

In 2009/10 the Committee wrote off bad debts of which none occurred in this current year.

### **Note 23. Financial instruments**

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

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

#### **Credit risk**

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 23(c) 'Financial instruments disclosures' and note 12 'Receivables'.

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The Authority has policies in place to ensure that sales of 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. At the end of the reporting period there were no significant concentrations of credit risk.

### **Liquidity risk**

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business.

The Authority's objective is to maintain a balance between continuity of funding and flexibility. 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 reporting period are as follows

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	816,608	811,968
Receivables (a)	25,900	22,352
<b>Financial Liabilities</b>		
Payables (a)	40,045	46,213

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

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### (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 reporting period 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 <sup>(a)</sup>**

	Weighted Average Effective Interest Rate %	<u>Interest rate Exposure</u>			<u>Past due but not impaired</u>					Impaired Financial assets \$
		Carrying Amount \$	Variable Interest Rate \$	Non- Interest Bearing \$	Up to 3 Months \$	3 – 12 months \$	1-2 years	2- 5 Years \$	More than 5 Years \$	
<b>Financial Assets</b>										
<b>2011</b>										
Cash and Cash Equivalents	5.02	816,608	816,608	-	-	-	-	-	-	-
Receivables (a)		25,900	-	25,900	-	-	-	-	-	-
		<b>842,508</b>	<b>816,608</b>	<b>25,900</b>	-	-	-	-	-	-
<b>2010</b>										
Cash and Cash Equivalents	5.86	811,968	811,968	-	-	-	-	-	-	-
Receivables(a)		22,352	-	22,352	-	-	-	-	-	-
		<b>834,320</b>	<b>811,968</b>	<b>22,352</b>	-	-	-	-	-	-

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

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### 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

	Weighted Average Effective Interest Rate %	<u>Interest rate exposure</u>					<u>Maturity date</u>					
		Carrying Amount \$	Fixed Interest rate \$	Variable Interest Rate \$	Non- Interest Bearing \$	Adjustment for discounting \$	Total Notional Amount \$	Up to 3 Months \$	3 – 12 months \$	1-2 years \$	2-5 Years \$	More than 5 Years \$
<b><u>Financial Liabilities</u></b>												
<b>2011</b>												
Payables(a)		40,045	-	-	40,045	-	40,045	40,045	-	-	-	-
		<b>40,045</b>	-	-	<b>40,045</b>	-	<b>40,045</b>	<b>40,045</b>	-	-	-	-
<b>2010</b>												
Payables(a)		46,213	-	-	46,213	-	46,213	46,213	-	-	-	-
		<b>46,213</b>	-	-	<b>46,213</b>	-	<b>46,213</b>	<b>46,213</b>	-	-	-	-

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

## Local Health Authorities Analytical Committee

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*Interest rate sensitivity analysis*

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis point in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-100 basis points		+100 basis points	
<b>2011</b>	<b>Carrying Amount \$</b>	<b>Surplus \$</b>	<b>Equity \$</b>	<b>Surplus \$</b>	<b>Equity \$</b>
<b><u>Financial Assets</u></b>					
Cash and cash equivalents	816,608	(8,166)	(8,166)	8,166	8,166
<b><u>Financial Liabilities</u></b>					
	-	-	-	-	-
<b>Total Increase/(Decrease)</b>		<b>(8,166)</b>	<b>(8,166)</b>	<b>8,166</b>	<b>8,166</b>
		-100 basis points		+100 basis points	
<b>2010</b>	<b>Carrying Amount \$</b>	<b>Profit \$</b>	<b>Equity \$</b>	<b>Profit \$</b>	<b>Equity \$</b>
<b><u>Financial Assets</u></b>					
Cash and cash equivalents	811,968	(8,119)	(8,119)	8,119	8,119
<b><u>Financial Liabilities</u></b>					
	-	-	-	-	-
<b>Total Increase/(Decrease)</b>		<b>(8,119)</b>	<b>(8,119)</b>	<b>8,119</b>	<b>8,119</b>

## Local Health Authorities Analytical Committee

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### Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, 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.

### Note 24. Remuneration of members of the accountable authority and senior officers

#### Remuneration of 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:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
\$		
\$0 – \$10,000	9	9
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:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
\$		
\$0 - \$10,000	-	1
\$10,001 - \$20,000	1	-
-		
\$100,001 - \$110,000	1	1
The total remuneration of senior officers is:	114,137	114,195

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.

### Note 25. Remuneration of auditor

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

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Auditing the accounts, financial statements and performance indicators	18,700	18,700

## Local Health Authorities Analytical Committee

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**Note 26. Related bodies**

The Authority has no related bodies.

**Note 27. Supplementary financial information**

	2011	2010
	\$	\$
<b><u>Write-Offs</u></b>		
Public property written-off by the Committee during the financial year – Bad Debts	-	3,324



# Local Health Authorities Analytical Committee

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## Additional Key Performance Indicator Information

### Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Local Health Authorities Analytical Committee's performance, and fairly represent the performance of the Local Health Authorities Analytical Committee for the financial year ended 30 June 2011.

\_\_\_\_\_  
R.E. Boardman  
Chairman of Accountable Authority

Date: \_\_\_\_\_

\_\_\_\_\_  
D. Wilson  
Member of Accountable Authority

Date: \_\_\_\_\_

\_\_\_\_\_  
T.D. Chapman  
Coordinator

DATE: \_\_\_\_\_

\_\_\_\_\_  
P. C. Sproule CPA  
Chief Accounting Officer

DATE: \_\_\_\_\_

# Local Health Authorities Analytical Committee

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## Detailed Information in Support of Key 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.

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.

### **NOTE: The Revised Sampling Scheme**

On 1 July 2009 the Revised Sampling Scheme, formulated around food manufacturers located in each Local Government Authority who actively distributed food outside of the region in which they were located, was fully implemented by the LHAAC. The new Scheme placed a much greater onus on a smaller number of Local Governments (those with manufacturers) and reduced the need for sampling on many other Local Governments, particularly those small Local Governments in rural and remote areas. The Revised Scheme actively targeted 69 Local Governments with known food manufacturers.

The LHAAC used the implementation of the Revised Sampling Scheme as an opportunity to review its Outcome Based Management Structure in the 2009/2010 Annual Report and as a consequence revised the Key Performance Indicators it reports on from that point on.

On 1 July 2010 the Committee revised the sampling program further, after detailed consultation with Local Government users. A three-tiered sampling program was introduced consisting of an allocation for Coordinated Sampling projects (to be determined by the Committee and targeting LGAs with food manufacturers predominantly); Non-Compliance sampling (where a history of non-compliance, either by product or manufacturer, was known; and an allocation for Discretionary Sampling, which gave some power to each LGA to determine its own choice of sampling and allowed them to continue to monitor local suppliers. Western Australian Local Governments have expressed widespread support for the new sampling program.

*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 COORDINATED SAMPLING SCHEME FOR THE ANALYSIS OF FOOD PRODUCTS FOR USE BY LOCAL GOVERNMENTS IN WESTERN AUSTRALIA.**

##### **A AUDITED INDICATORS**

##### **i) Performance Indicator: Effectiveness**

##### **KPI 1.1**

## Local Health Authorities Analytical Committee

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### The proportion of Local Governments with food manufacturers in their region who use the LHAAC Scheme.

Target is 85% for Year Two of the Scheme (2010/11) an increase of 5% from the 2009/10 target of 80% of qualifying Local Governments using the Scheme.

The KPI target will increase by a minimum 5% until 100% of Local Governments with food manufacturers are using the Scheme.

MEASUREMENT	2010/11		2009/10	
	No	%	No	%
Number of LGAs with manufacturers who were requested to collect samples as a part of the Scheme.	69	100	68	100
Number of LGAs with manufacturers who participated in the Scheme	56	81	54	79

### Comment

Whilst improving on the 2009/10 figure slightly, and almost reaching our target for the year, the Committee were still disappointed with the participation rates of those Local Governments with food manufacturers, particularly some of our larger Local Governments with a long standing tradition of food sampling. When questioning the reasons why sampling reduced, the pressure of work in other areas of Environmental Health and turnover of EH Officers were noted as the main problem.

The LHAAC Scheme format changed again this year (see previous page) and in moving towards a three-tiered sampling program – with an indicative allocation to each LGA - the LHAAC recognised that some of the smaller LGAs with food manufacturers were not always given a Discretionary allocation of samples, even though they were invited to participate in the Coordinated Sampling Programs.

If those LGAs (13 in number) were removed from the list of LGAs requested to sample, LHAAC has a 100% success rate of those councils with several manufacturers who were allocated Discretionary Units in addition to Coordinated Sampling participation.

The Environmental Health profession specifically, and Local Government in general, continues to struggle to attract people to the workforce and human resource issues were cited as the major factor in some councils being unable to meet their scheduled sampling. Others cited financial constraints in regard to the purchase costs of the samples.

Efforts were made by the Committee throughout the year to encourage participation with several emails to Principal EHOs as well as direct phone calls by the LHAAC Coordinator or the appointed analyst. Further improvements have been made to the collection of sampling data from the Analyst which will allow LHAAC to provide a monthly advice of samples used to date in the operational year of 2011/12.

In light of surveys of Local Governments conducted in June 2011 further amendments will be made to the sampling program to generate increased efficiencies and an improved level of effectiveness to the service in 2011/2012.

## Local Health Authorities Analytical Committee

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### SERVICE

#### ANALYSIS OF FOOD AND FOOD PRODUCTS

#### A *AUDITED INDICATORS*

#### ii) Performance Indicator: Efficiency

#### Service 1

#### Existing Indicator KPI 1.1

**Number of units analysed against total expenditure (cost of service) to provide Expenditure per Unit of Sampling.**

	2011	2010	2009	2008
No of units analysed	24,484	24,166	38,350	19,626
Total expenditure	465,551	473,641	456,689	285,882
Expenditure per work unit	19.01	19.60	11.91	14.57

#### Comment

The number of units analysed in the year is consistent with the 2010 figure but still well below where the Committee would like to be. The annual budget and the annual sampling program is based around 30,000 – 33,000 units, so there is a significant shortfall in where the Committee would like to be.

The number of units submitted in the operational year of 20,584 (as opposed to the number of units analysed of 24,484) is even more concerning despite it being slightly up on 2010 (20,164).

The new scheme continues to have a number of relatively new costs associated with its operation including the ongoing cost of a full time coordinator (which is an additional cost from February 2009), the use of consultants to develop a Strategic Framework, and the use of legal practitioners to advise on contractual and tender procedures. This significantly increases our level of fixed costs, which, coupled with a reduced number of units analysed, inevitably increases the cost per work unit.

#### New Indicator KPI 1.2

**Proportion of reports completed and returned by the Analyst to the submitting Local Government in the specified turnaround time of two weeks for routine samples and four weeks for non-routine samples;**

(Target is 80% for 2010/11, increasing by a minimum 5% per year until 100% is achieved).

This is the first year in which results have been collected for this KPI.

ITEM	TARGET		ACTUAL	
	NO	%	NO	%
Reports analysed within two weeks – 1 July 2010 to 30 June 2011	1,161	80%	710	49
Reports analysed within two weeks – 1 Jan 2011 to 30 June 2011	544	80%	516	76%

## Local Health Authorities Analytical Committee

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### Comment

Agrifood Technology took over full control of the former Inman & Farrell on 1 June 2010. It took several weeks to move all operations to their premises in Bibra Lake and several months before sampling and reporting procedures were fully functional in the new premises.

Administrative reporting arrangements were changed substantially, with significant improvements in both the level of reporting to the individual Local Governments (on samples submitted) and to the LHAAC in terms of providing summary analysis of total sampling. It was not until November 2010 that Agrifood Technology transferred all reporting processes over to their own system and discarded the old computer reporting process used by Inman & Farrell. Agrifood treated all samples as urgent (be they routine or non-routine). Average turnaround time for all samples in the period 1 July to 30 June was 16.5 days. Average turnaround time in the period 1 January to 30 June was 10.35 days. This is a marked improvement on sampling times in previous years which often ran into several weeks and occasionally months.

The table above therefore gives two statistics for this KPI. One is for the year as a whole, one for the period 1 January 2011 to 30 June 2011 (following the full transfer of information and reporting to Agrifood Technology). The difference in the turnaround times on sampling is significant and immediately obvious to the reader. It is the aim of the Committee to maintain these turnaround times in the new operational year and beyond.

The Committee undertook a survey of users at the end of June 2011 to seek feedback on the changes made to the Scheme in 2010/11 and the results were very positive.

A total of 65 responses were received but a number of these were completed by one EHO on behalf of several LGAs he/she may contract for. This effectively means the % rates shown against each question are significantly higher than quoted. In total, responses were posted against 78 LGAs, representing a response rate of 57%. Some of the main responses included:

74.2% of respondents favoured the new three tiered sampling scheme to the manufacturers based scheme applied in 2009/10 or the entirely Discretionary Scheme used prior to 2009.

92% of respondents rated 3 or higher (on a scale of 1 to 5, where 5 is high) regarding their level of satisfaction with Agrifood Technology and 64.1% rated 4 or higher.

88% of respondents rated 3 or higher (on a scale of 1 to 5, where 5 is high) when asked to rate their level of satisfaction of turnaround times of Agrifood Technology. 55% rated 4 or higher.

# Local Health Authorities Analytical Committee

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## Ministerial Directives

No Ministerial Directives were received during the financial year.

## Other Financial Disclosures

### Pricing policies on services

At the time the LHAAC implemented the Revised Sampling Scheme (in July 2009) a commitment was given to all Local Government users of the Scheme that annual charges would not increase by more than CPI rates and the level of charges in 2008/2009. Consequently, whilst the cost of the service has increased due to the employment of a full time Coordinator, as distinct from a part time Secretary, the Committee have honoured their commitment to Local Governments and charged the same charges as 2008/2009 adjusted for CPI increases to both the 2009/10 and 2010/11 operational years.

### 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.

## Employment and Industrial Relations

### Staff Profile

	2011	2010
Full-time permanent	1	1
Full-time contract	1	1
Part-time contract	0	0
On secondment	0	0
	<u>2</u>	<u>2</u>

### Staff Development

The Statutory Authority has a commitment to the development of its employees. Our strategies are to build a highly skilled, professional and fair workforce with the ability to adapt to changing business technology and the environment.

### Workers Compensation

No compensation claims were recorded during the financial year.

# Local Health Authorities Analytical Committee

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## **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 2010/11 was \$3,057.

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### Other Legal Requirements

#### 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.

**Budget** **2009/10**

<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>

**Budget** **2010/11**

<b>Revenues from operating activities</b>		
Goods and Services		441,000
<b>Revenue from non operating activities</b>		
Interest Revenue		20,000
<b>Total Revenue from ordinary activities</b>		<b>461,000</b>
<b>Expenses</b>		
<b>Expenses from operating activities</b>		
Employee Services		93,000
Supplies and services		444,000
<b>Total expenses from operating activities</b>		<b>537,000</b>
<b>Net Profit / (Loss)</b>		<b>(76,000)</b>