



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE SOUTH-WEST REGIONAL HEALTH AUTHORITY FOR THE YEAR ENDED SEPTEMBER 30, 2011

The accompanying Financial Statements of the South-West Regional Health Authority for the year ended September 30, 2011 have been audited. The Statements comprise a Statement of Financial Position as at September 30, 2011, and the Statement of Comprehensive Income, a Statement of Accumulated Funds and Reserves and a Statement of Cash Flows for the year ended September 30, 2011 and Notes to the Financial Statements numbered 1 to 22m including a summary of significant accounting policies and practices.

2. The audit was conducted by a firm of Accountants appointed by the Auditor General in accordance with section 25(2) of the Regional Health Authorities Act, Chapter 29:05. Their Report dated December 10, 2018 which is attached refers.

SUBMISSION OF REPORT

3. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

28th February, 2019
PORT OF SPAIN



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MAJEED ALI
AUDITOR GENERAL

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2019.02.28

SOUTH-WEST REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

SEPTEMBER 30, 2011



Chanka Seeterram & Co.
Chartered Accountants

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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Chanka Seeterram & Co.
Chartered Accountants

**REPORT OF THE AUDITORS' TO THE DIRECTORS OF
SOUTH WEST REGIONAL HEALTH AUTHORITY**

Report on the Financial Statements

We have audited the accompanying financial statements of South West Regional Health Authority, which comprise the statement of financial position as of 30th September 2011, and the statement of comprehensive income, statement of accumulated funds and reserves and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The audit was carried out in accordance with Section 25(2) of the Regional Health Authorities Act 29:05, and was conducted in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of South West Regional Health Authority as of 30th September, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 13 of the financial statements. The Authority has incurred accumulated deficits of \$280,533,000 as at 30th September, 2011. These financial statements have been prepared on the basis, which assumes that funds will be provided to finance the deficit to date and any that may be incurred in subsequent periods. Our opinion is not qualified in respect of this matter.

Chanka Seeterram & Co.
Chartered Accountants
F.S.S. House
123 Eastern Main Road
ST. AUGUSTINE

December 10, 2018

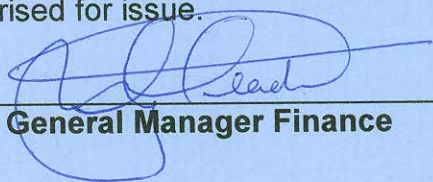
SOUTH-WEST REGIONAL HEALTH AUTHORITY

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2011**

| ASSETS | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-----------------|------------------------|------------------------|
| Non-current Assets | | | |
| Property, plant and equipment | 2c,2d, 3.1, 3.2 | 448,173 | 465,360 |
| Current Assets | | | |
| Inventories | 2e, 4 | 31,286 | 25,292 |
| Accounts receivable and prepayments | 2f, 5 | 11,054 | 36,667 |
| Cash and cash equivalents | 2g, 6 | 85,619 | 60,826 |
| | | <u>127,959</u> | <u>122,785</u> |
| Total Assets | | <u><u>576,132</u></u> | <u><u>588,145</u></u> |
| EQUITY AND LIABILITIES | | | |
| Vested property - Capital | 10 | 321,454 | 319,144 |
| Revaluation reserve | 12 | 97,555 | 98,187 |
| Accumulated deficit | 13 | (280,533) | (270,447) |
| | | <u>138,476</u> | <u>146,884</u> |
| Non-current Liabilities | | | |
| Deferred income | 2h, 11 | 117,076 | 132,313 |
| Net Defined Benefit Liability | 2i, 22a | 28,600 | 34,700 |
| Borrowings | 2j, 7 | 17,204 | 24,086 |
| | | <u>162,880</u> | <u>191,099</u> |
| Current Liabilities | | | |
| Borrowings | 2j, 7 | 6,882 | 16,016 |
| Accounts payables | 2k, 8 | 5,954 | 23,387 |
| Other payables and accruals | 2l, 9 | 261,940 | 210,759 |
| | | <u>274,776</u> | <u>250,162</u> |
| Total Accumulated Funds and Liabilities | | <u><u>576,132</u></u> | <u><u>588,145</u></u> |

The notes on pages 7 to 25 form an integral part of these financial statements.

On December 7th 2018, the financial statements of South-West Regional Health Authority were authorised for issue.



General Manager Finance



Chief Executive Officer

SOUTH-WEST REGIONAL HEALTH AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-------|------------------|------------------|
| Income | | | |
| Government payments | | | |
| - MOH and other reimbursables | | 14,725 | 61,098 |
| - Recurrent expenditure | 14 | 717,359 | 602,709 |
| - Government Subvention Development Programme (MOH) | 15 | 27,468 | 25,029 |
| - Subvention re loan payment | | 11,231 | 8,653 |
| - NIPDEC purchases | 16 | 95,494 | 67,785 |
| Other income | | 1,046 | 1,296 |
| | | <u>867,323</u> | <u>766,570</u> |
| Less: Expenses | | | |
| Personnel | 17 | 622,902 | 593,579 |
| Medical and pharmaceuticals | 18 | 131,231 | 113,408 |
| Other operating | 19 | 19,421 | 15,695 |
| Property and plant | 20 | 51,632 | 48,094 |
| Administrative | 21 | 58,955 | 60,389 |
| Net Pension Cost | 22f | 27,500 | 16,900 |
| | | <u>911,641</u> | <u>848,065</u> |
| Net deficit for the year | | (44,318) | (81,495) |
| Other Comprehensive Income: | | | |
| Net movement in defined benefit liability | 22i | 33,600 | 900 |
| Accumulated losses at the beginning of the year | | <u>(270,447)</u> | <u>(190,484)</u> |
| | | (281,165) | (271,079) |
| Transfers from Revaluation reserve | 12 | 632 | 632 |
| Accumulated losses at the end of the year | | <u>(280,533)</u> | <u>(270,447)</u> |

The notes on pages 7 to 25 form an integral part of these financial statements.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**STATEMENT OF ACCUMULATED FUNDS AND RESERVES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Vested Property \$'000 | Revaluation Reserve \$'000 | Accumulated Deficit \$'000 Restated | Total \$'000 Restated |
|---|------------------------------|----------------------------------|--|-----------------------------|
| Balance at October 01, 2010 | 319,144 | 98,187 | (270,447) | 146,884 |
| MOH HSRP Payment - Current (<i>Note 10</i>) | 2,310 | - | - | 2,310 |
| Transfers from Revaluation Reserve (<i>Note 12</i>) | - | (632) | 632 | - |
| Net movement in Defined Benefit Liability (<i>Note 22i</i>) | - | - | 33,600 | 33,600 |
| Net deficit for the year | - | - | (44,318) | (44,318) |
| Balance at September 30, 2011 | <u>321,454</u> | <u>97,555</u> | <u>(280,533)</u> | <u>138,476</u> |
| | | | | |
| Balance at October 01, 2009 | 317,498 | 98,819 | (190,484) | 225,833 |
| MOH HSRP Payment - Current (<i>Note 10</i>) | 1,646 | - | - | 1,646 |
| Transfers from Revaluation Reserve (<i>Note 12</i>) | - | (632) | 632 | - |
| Net movement in Defined Benefit Liability (<i>Note 22i</i>) | - | - | 900 | 900 |
| Net deficit for the year | - | - | (81,495) | (81,495) |
| Balance at September 30, 2010 | <u>319,144</u> | <u>98,187</u> | <u>(270,447)</u> | <u>146,884</u> |

The notes on pages 7 to 25 form an integral part of these financial statements.

**SOUTH-WEST REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | 2011 | 2010 |
|--|-----------------|-----------------|
| | \$'000 | \$'000 |
| Cash Flows From Operating Activities | | |
| Deficit for the year | (44,318) | (81,495) |
| Adjustments for: | | |
| Depreciation | 37,928 | 37,024 |
| Loss on disposal of property, plant and equipment | 10 | 19 |
| Movement in Defined Benefit Liability | 33,600 | 900 |
| Deferred income write-offs | (26,262) | (20,707) |
| Operating loss before working capital changes | <u>958</u> | <u>(64,259)</u> |
| Changes in Working Capital | | |
| (Increase)/decrease in inventories | (5,994) | 2,042 |
| Decrease in receivables | 25,613 | 1,035 |
| (Decrease)/increase in trade payables | (17,432) | 18,183 |
| Increase in other payables and accruals | 51,179 | 60,366 |
| (Decrease)/increase in Defined Benefit Liability | (6,100) | 16,000 |
| Net cash provided by operating activities | <u>48,224</u> | <u>33,367</u> |
| Investing Activities | | |
| Purchase of property, plant and equipment | (20,751) | (50,246) |
| Net cash used in investing activities | <u>(20,751)</u> | <u>(50,246)</u> |
| Financing Activities | | |
| Loan repayment | (16,016) | (46,836) |
| Loan received | - | 34,408 |
| Health Sector Reform Projects | 2,310 | 1,646 |
| Deferred income | 11,026 | 50,713 |
| Net cash (used in)/provided by financing activities | <u>(2,680)</u> | <u>39,931</u> |
| Net increase in cash | 24,793 | 23,052 |
| Cash and cash equivalents at beginning of the year | 60,826 | 37,774 |
| Cash and cash equivalents at end of the year | <u>85,619</u> | <u>60,826</u> |
| Represented By: | | |
| Cash and cash equivalents | 85,619 | 60,826 |
| | <u>85,619</u> | <u>60,826</u> |

The notes on pages 7 to 25 form an integral part of these financial statements.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011

1. Incorporation and Principal Activity

The South-West Regional Health Authority was established by Parliament under the Regional Health Authority Act No. 5 of 1994 assented to on May 20, 1994 and enacted on December 19, 1994.

The Authority is exempted from all taxes, duties, fees, charges, assessments, levies and imposts on its profits or on assets, which it acquires for its use.

The Authority's powers and functions are as follows:

- (a) To provide efficient systems for the delivery of health care.
- (b) To collaborate with the University of The West Indies and any other recognized training institution; in the education and training of persons; in research medicine, nursing, dentistry, pharmacology, biomedical and health service fields, veterinary medicine as well as related ancillary and supportive fields.
- (c) To collaborate with and advise municipalities on public health matters.
- (d) To operate, construct, equip, furnish, maintain, manage and secure all its property.
- (e) To facilitate new systems of health care.
- (f) To provide the use of health care facilities for service, teaching and research.
- (g) To establish and develop relationships with nationals, regional and international agencies engaged in similar or ancillary services.
- (h) To do all things to achieve the objectives of the Authority.

2. Significant Accounting Policies and Practices

- (a) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and are presented in Trinidad and Tobago Dollars.
- (b) The South-West Regional Health Authority is responsible for processing all payments related to employees contracted by the Authority and all payments for Goods and Services purchased by the institutions within the South-West Region.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

2. Significant Accounting Policies and Practices (cont'd)

(c) Property, Plant and Equipment

At year-end September 2004, Terra Caribbean Limited did a revaluation of all Property, Plant and Equipment belonging to South-West Regional Health Authority. These assets were valued at current market values in accordance with IAS 16 - Property, Plant and Equipment and recorded in the Financial Statements.

Depreciation

Assets are depreciated on the straight-line basis at the following rates per annum:

| | |
|--------------------------------|-------|
| Building | 2.0% |
| Medical Equipment | 15.0% |
| Plant and Equipment | 20.0% |
| Computer Equipment | 25.0% |
| Office Furniture and Equipment | 12.5% |
| Motor vehicle | 25.0% |
| Security Systems | 12.5% |
| Other Minor Equipment | 12.5% |
| Communication Equipment | 12.5% |
| Patient Furnishings | 12.5% |

(d) Capital Works In Progress

Amounts expended on capital works during the year are captured in the Capital Works account. No depreciation is taken on these amounts. Upon completion or commissioning of the asset for use, the balance in the account is transferred to the respective asset account and depreciated.

(e) Inventories

Inventories are valued at the last purchase price (as per the MOH Price List) for all pharmaceutical supplies. The non pharmaceutical supplies are valued using the last purchase price.

(f) Accounts Receivables and Prepayments

Receivables and prepayments represent amounts to which the Authority has become entitled in the normal course of operations, they do not bear interest. At the end of each reporting period, the carrying amount is reviewed to determine if they are fully recoverable, if there is evidence of impairment, an impairment loss is immediately recognised in the Statement of Comprehensive Income.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

2. Significant Accounting Policies and Practices (cont'd)

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits with qualifying financial institutions.

(h) Deferred Income

The Authority initially recognises funding received specifically for capital projects and equipment as deferred income. These amounts are transferred to income over the period necessary to match them with the related costs.

(i) Defined Benefit Liability

The defined benefit liability is the fair value of the plan assets less the present value of the defined benefit obligation at the reporting date.

The net pension cost is recognised in the Statement of Comprehensive Income, and actuarial gains/losses arising from experience adjustments are immediately recognised in other comprehensive income.

(j) Borrowings

Borrowings are recognised initially at the loan principal amount. Related transaction costs are expensed.

Borrowings are classified as current liabilities for amounts due within 12 months and non-current liabilities for amounts due after 12 months.

(k) Accounts Payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities.

Accounts payables are recognized at fair value.

(l) Other Payables and Accruals

Other payables and accruals are amounts outstanding on statutory payroll related liabilities. Accruals are obligations arising from operating expenses incurred, but not invoiced as at the Statement of Financial Position date.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

2. Significant Accounting Policies and Practices (cont'd)

(m) Income

Revenue consist mainly of amounts appropriated by Parliament and various fees charged by S.W.R.H.A.

Interest Earned

This represents the returns on deposit amounts held with various financial institutions.

MOH Reimbursables

The Ministry of Health has endorsed certain Programmes/Projects for which there is an understanding that amounts expended would later be reimbursed by the Ministry upon submission of requests by the Authority.

Recurrent Expenditure

These are amounts allocated to the S.W.R.H.A. for the payment of personnel emoluments and purchase of goods and services.

Government Subvention Development Programme

These are funds allocated for capital expenditure projects.

NIPDEC Purchases

This is the value of medical supplies, surgical supplies and pharmaceuticals procured by the National Insurance Property Development Limited (NIPDEC) for S.W.R.H.A.

The National Insurance Property Development Company Limited (NIPDEC) through a contractual arrangement with the Ministry of Health is responsible for the procurement of medical supplies, surgical supplies and pharmaceuticals for all Regional Health Authorities. However, where there is a shortfall in supplies from NIPDEC, the South-West Regional Health Authority supplements this shortfall through direct purchases, and submits reimbursement requests to the Ministry of Health.

(n) Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)**

2. Significant Accounting Policies and Practices (cont'd)

(o) Going Concern

As at September 30, 2011 the Authority has an Accumulated Deficit of \$280,533,000 and a Net Deficit of \$44,318,000 for the year then ended.

These financial statements are prepared on the going concern basis, in accordance with IAS 1, since the Board of Directors and management are of the view that the Authority can continue to rely on the Government of Trinidad and Tobago in meeting its obligations as they fall due. There are no indications that such support will not be forthcoming.

(p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the current year.

SOUTH-WEST REGIONAL HEALTH AUTHORITY
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

3.1 Property, Plant and Equipment

| | Land | Building | Plant & Equipment | Vehicles | Computer Equipment | Office Furniture | Medical Equipment | Communication Equipment | Patient Furnishing | Other Minor Equipment | Security | Capital Work In Progress | Total |
|----------------------------------|--------|----------|-------------------|----------|--------------------|------------------|-------------------|-------------------------|--------------------|-----------------------|----------|--------------------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost: | | | | | | | | | | | | | |
| At October 1, 2010 | 75,952 | 308,857 | 10,415 | 6,917 | 7,163 | 9,586 | 157,186 | 1,462 | 16,086 | 4,356 | 2,839 | 3,546 | 604,365 |
| Additions | - | 7,099 | 626 | - | 2,057 | 669 | 6,086 | 290 | 530 | 714 | 49 | 2,631 | 20,751 |
| Disposals | - | - | - | - | - | - | (16) | - | (19) | - | - | - | (35) |
| At September 30, 2011 | 75,952 | 315,956 | 11,041 | 6,917 | 9,220 | 10,255 | 163,256 | 1,752 | 16,597 | 5,070 | 2,888 | 6,177 | 625,081 |
| Accumulated Depreciation: | | | | | | | | | | | | | |
| At October 1, 2010 | - | 29,299 | 5,302 | 3,430 | 4,018 | 5,024 | 81,271 | 483 | 7,675 | 2,139 | 364 | - | 139,005 |
| Charge for the year | - | 6,015 | 1,916 | 679 | 1,483 | 1,241 | 23,217 | 210 | 2,047 | 760 | 360 | - | 37,928 |
| Disposals | - | - | - | - | - | - | (15) | - | (10) | - | - | - | (25) |
| At September 30, 2011 | - | 35,314 | 7,218 | 4,109 | 5,501 | 6,265 | 104,473 | 693 | 9,712 | 2,899 | 724 | - | 176,908 |
| Net Book Value | | | | | | | | | | | | | |
| At September 30, 2011 | 75,952 | 280,642 | 3,823 | 2,808 | 3,719 | 3,990 | 58,783 | 1,059 | 6,885 | 2,171 | 2,164 | 6,177 | 448,173 |
| Cost: | | | | | | | | | | | | | |
| At October 1, 2009 | 75,952 | 260,677 | 8,108 | 5,428 | 4,504 | 7,907 | 134,096 | 883 | 13,731 | 3,200 | 961 | 38,711 | 554,158 |
| Additions | - | 13,015 | 2,307 | 1,489 | 2,679 | 1,679 | 23,109 | 579 | 2,355 | 1,156 | 1,878 | - | 50,246 |
| Transfers | - | 35,165 | - | - | - | - | - | - | - | - | - | (35,165) | - |
| Disposals | - | - | - | - | (20) | - | (19) | - | - | - | - | - | (39) |
| At September 30, 2010 | 75,952 | 308,857 | 10,415 | 6,917 | 7,163 | 9,586 | 157,186 | 1,462 | 16,086 | 4,356 | 2,839 | 3,546 | 604,365 |
| Accumulated Depreciation: | | | | | | | | | | | | | |
| At October 1, 2009 | - | 23,592 | 3,345 | 2,937 | 3,182 | 3,916 | 57,198 | 325 | 5,857 | 1,525 | 124 | - | 102,001 |
| Charge for the year | - | 5,707 | 1,957 | 493 | 855 | 1,108 | 24,074 | 158 | 1,818 | 614 | 240 | - | 37,024 |
| Disposals | - | - | - | - | (19) | - | (1) | - | - | - | - | - | (20) |
| At September 30, 2010 | - | 29,299 | 5,302 | 3,430 | 4,018 | 5,024 | 81,271 | 483 | 7,675 | 2,139 | 364 | - | 139,005 |
| Net Book Value | | | | | | | | | | | | | |
| At September 30, 2010 | 75,952 | 279,558 | 5,113 | 3,487 | 3,145 | 4,562 | 75,915 | 979 | 8,411 | 2,217 | 2,475 | 3,546 | 465,360 |

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)**

3.2 Capital Work In Progress

Capital Work In Progress is the balance remaining on projects undertaken by the Authority during the year.

| | 2011 \$'000 | 2010 \$'000 |
|--|------------------------|------------------------|
| San Fernando General Hospital | 3,946 | 3,546 |
| Roy Joseph Enhanced Health Center | 2,231 | - |
| TOTAL | <u>6,177</u> | <u>3,546</u> |
| | | |
| 4. Inventories | 2011 \$'000 | 2010 \$'000 |
| Medical supplies | 6,150 | 7,526 |
| Laboratory supplies | 4,284 | 775 |
| Pharmacy supplies | 17,373 | 12,627 |
| Stationery supplies | 597 | 1,145 |
| Engineering supplies | 1,514 | 1,348 |
| Food supplies | 495 | 621 |
| Hardware supplies | 732 | 854 |
| Linen | 455 | 710 |
| Less : Provision for stock obsolescence | (314) | (314) |
| TOTAL | <u>31,286</u> | <u>25,292</u> |
| | | |
| 5. Receivables and Prepayments | 2011 \$'000 | 2010 \$'000 |
| Ministry of Health - Reimbursables | 38,242 | 49,363 |
| Bad debt provision | (37,830) | (32,154) |
| Net reimbursable - Ministry of Health | <u>412</u> | <u>17,209</u> |
| | | |
| Other RHA's (Diagnostic Equipment) | | |
| Loan balance | - | 6,401 |
| Charges | 265 | 432 |
| | <u>265</u> | <u>6,833</u> |
| | | |
| Others | | |
| Other debtors | 1,390 | 1,364 |
| VAT recoverable | 5,804 | 7,771 |
| Prepayments | 3,183 | 3,490 |
| | <u>10,377</u> | <u>12,625</u> |
| | | |
| TOTAL | <u>11,054</u> | <u>36,667</u> |

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

5. Receivables and Prepayments (cont'd)

Ministry of Health

The Ministry of Health balance is an accumulation of amounts spent by the SWRHA from inception for various goods and services which have been considered reimbursable for the Ministry of Health.

Other RHA's (Diagnostic Equipment)

During the financial year 2003/2004 the Government decided to equip each Region with Diagnostic Equipment. The South-West Regional Health Authority was commissioned to procure the items and make payments on them. As such, a loan was granted in the name of South-West Regional Health Authority for the full cost of the equipment. The assets relating to the other Regional Health Authorities amounted to forty-four million, eight hundred and seven thousand, two hundred and fifty-four dollars (\$44,807,254). This loan was repaid on April 05, 2011.

6. Cash and Cash Equivalents

| 2011 | 2010 |
|--------|--------|
| \$'000 | \$'000 |

This comprise of the following:

| | | |
|---------------------|---------------|---------------|
| Cash in hand | 25 | 25 |
| Cash at bank | 74,957 | 50,336 |
| Short term deposits | 10,637 | 10,465 |
| TOTAL | <u>85,619</u> | <u>60,826</u> |

7. Medium Term Loan

| 2011 | 2010 |
|--------|--------|
| \$'000 | \$'000 |

| | | |
|---|---------------|---------------|
| (i) Scotia Trust & Merchant Bank Limited | - | 1,277 |
| (ii) CITIBANK - Diagnostic Equipment | - | 7,857 |
| (iii) Intercommercial Trust & Merchant Bank | 24,086 | 30,968 |
| | <u>24,086</u> | <u>40,102</u> |
| Less: Current Portion | (6,882) | (16,016) |
| Medium Term Portion | <u>17,204</u> | <u>24,086</u> |

- (i) In October 2003 the Ministry of Health sourced a loan through Scotia Trust and Merchant Bank to fund the settlement of liabilities due to an increase in salaries with effect from January 2002. The South-West Regional Health Authority's liability is \$17,883,671.50, and is payable over seven (7) years semi-annually in the months of April and October in instalments of \$1,277,405.11. The interest is calculated at a fixed rate of 5.5%. This loan was paid off in October 2010.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

7. Medium Term Loan (cont'd)

- (ii) In December 2003, the South-West Regional Health Authority under approval from the Ministry of Health and the Ministry of Finance issued notes for \$54,642,500 pursuant to a loan note instrument for the purpose of financing the purchase of diagnostic equipment for all the regions (Note 5 refers).

In April 2004, the loan note instrument was converted to \$55,000,000 5.35% Fixed Rate Bonds repayable in semi-annual instalments of \$7,857,142.86 in the months of April and October from 2004 to 2011. Citibank Trinidad Limited carried out both these transactions and the trustee is the Mercantile Banking and Financial Corporation Limited.

This loan was repaid on April 05, 2011.

- (iii) In November 2009 the Ministry of Health through Intercommercial Trust and Merchant Bank Limited issued medium term Secured Promissory Notes carrying a fixed interest rate of 5.20%. The amount in the sum of \$34,408,141.00 was issued to the South-West Regional Health Authority through a refinancing arrangement, for the purpose of paying off the existing RBTT Demand Loan issued in June 2009. It is repayable in semi-annual instalments of \$3,440,814.10 in the months of May and November from 2010 to 2014. This loan was paid off in November 2014.

8. Accounts Payable - Recurrent Expenditure

| | 2011 \$'000 | 2010 \$'000 |
|-----------------|----------------|----------------|
| Trade creditors | \$ 5,954 | \$ 23,387 |

9. Other Payables and Accruals

| | 2011 \$'000 | 2010 \$'000 |
|------------------------------|----------------|----------------|
| Performance deposit | 407 | 1,213 |
| Outstanding medical fees | 158 | 126 |
| Private medical institutions | 11,587 | 29,933 |
| Accrued expenses | 22,729 | 26,192 |
| Stale dated cheques | 2,061 | 1,618 |
| Payroll liabilities | 224,998 | 151,677 |
| TOTAL | <u>261,940</u> | <u>210,759</u> |

Payroll liabilities included accruals for payroll expenditure relating to the arrears due under the New Compensation Plans 2008-2013, Doctors agreement 2009-2015, increment arrears and daily paid arrears.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

10. Vested Property

Vested property includes the value of fixed assets transferred from the Ministry of Health, and the cost of equipment provided/construction done under the Health Sector Reform Project.

| | 2011 \$'000 | 2010 \$'000 |
|-------------------------------|-----------------------|-----------------------|
| Balance brought forward | 319,144 | 317,498 |
| Additions during the year: | | |
| I.T. Department | 1,344 | 1,040 |
| Siparia District Facility | - | 523 |
| Caroni Health Centre | 174 | - |
| St. Patrick Health Centre | 206 | - |
| Roy Joseph Health Centre | 88 | - |
| Ste Madeleine Health Centre | 69 | - |
| Pleasantville Health Centre | 88 | - |
| San Fernando General Hospital | 318 | 83 |
| Area Hospital Point Fortin | 23 | - |
| | <u>2,310</u> | <u>1,646</u> |
| TOTAL | <u><u>321,454</u></u> | <u><u>319,144</u></u> |

11. Deferred Income

In accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance "Government grants related to assets, including non-monetary grants at fair value, shall be presented in the Statement of Financial Position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset."

The Authority is in compliance with the Standard.

| | 2011 \$'000 | 2010 \$'000 |
|----------------------------|----------------|----------------|
| Balance brought forward | 132,313 | 102,307 |
| Development subventions | 11,025 | 50,713 |
| Deferred income write-offs | (26,262) | (20,707) |
| Balance carried forward | <u>117,076</u> | <u>132,313</u> |

12. Revaluation Reserve

| | 2011 \$'000 | 2010 \$'000 |
|-------------------------|----------------|----------------|
| Balance brought forward | 98,187 | 98,819 |
| Transfer of surplus | (632) | (632) |
| Balance carried forward | <u>97,555</u> | <u>98,187</u> |

In accordance with IAS 16 - Property, Plant and Equipment

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

12. Revaluation Reserve (cont'd)

IAS 16.41

"The amount of surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or losses."

The following is a schedule for the period of adjustment to the Revaluation Surplus transferred with effect from the financial year 2004/2005.

| Asset Class | Excess Depreciation On Revaluation Surplus | Period Of Transfer | Annual Adjustments |
|---------------------|---|-----------------------|-----------------------|
| Buildings | 25,459,288 | 50 years | 509,186 |
| Office furniture | 522,776 | 8 years | 65,347 |
| Patient furnishings | 456,249 | 8 years | 57,031 |
| | <u>26,438,313</u> | | <u>631,564</u> |

| Asset Class | Excess Depreciation On Revaluation Surplus | Period Of Transfer | Opening Balance 1 Oct 2010 | Transfer | Closing Balance 30 Sept 2011 |
|---------------------|---|-----------------------|----------------------------------|----------------|------------------------------------|
| Land | 75,538,863 | - | 75,538,863 | - | 75,538,863 |
| Buildings | 25,459,288 | 50 years | 22,404,172 | 509,186 | 21,894,986 |
| Office furnishings | 522,776 | 8 years | 130,694 | 65,347 | 65,347 |
| Patient furnishings | 456,249 | 8 years | 114,063 | 57,031 | 57,032 |
| Vehicles | 82,930 | 4 years | - | - | - |
| | <u>102,060,106</u> | <u>-</u> | <u>98,187,792</u> | <u>631,564</u> | <u>97,556,228</u> |

13. Accumulated Deficit

| | 2011 \$'000 | 2010 \$'000 |
|---|------------------|------------------|
| Accumulated deficit brought forward | (270,447) | (190,484) |
| Transfers from revaluation reserve (<i>Note 12</i>) | 632 | 632 |
| Movement in Defined Benefit Liability (<i>Note 22i</i>) | 33,600 | 900 |
| Current deficit | (44,318) | (81,495) |
| Accumulated deficit carried forward | <u>(280,533)</u> | <u>(270,447)</u> |

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)**

14. Government Subvention - Recurred Expenditure

These accounts include the amounts allocated under recurrent expenditure to the South-West Regional Health Authority for the payment of personnel emoluments to the public servants working within the Region. The Ministry of Health managed these funds exclusively.

The South-West Regional Health Authority managed the funds for other transfers and subsidies (RHA personnel emoluments, goods and services).

| | 2011 \$'000 | 2010 \$'000 |
|------------------------------|-----------------------|-----------------------|
| Personnel emoluments (SWRHA) | 579,960 | 562,465 |
| Goods and services (SWRHA) | 94,457 | 9,130 |
| | <u>674,417</u> | <u>571,595</u> |
| Personnel emoluments (MOH) | 42,942 | 31,114 |
| TOTAL | <u><u>717,359</u></u> | <u><u>602,709</u></u> |

15. Government Subvention Development Programme (MOH)

These amounts include funds allocated for Special Projects, Capital Expenditure and other non-recurrent payments that fall outside of the South-West Regional Health Authority Recurrent Expenditure.

Reference to Note 11 - Deferred income for the Accounting treatment for funding received for Development Programmes.

Funding received for programmes that are of a recurrent nature e.g. repairs, refurbishments, purchase of consumables etc. are treated as income in the year of receipt.

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Capital Subvention - Spent in current year | 1,206 | 4,322 |
| Transfers from deferred income | 26,262 | 20,707 |
| Development funding | <u>27,468</u> | <u>25,029</u> |

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)**

16. National Insurance Property Development Company Limited

These accounts include the amounts allocated under recurrent expenditure to the South-West Regional Health Authority for the purchase of pharmaceuticals and other non-pharmaceutical goods (C40). The National Insurance Property Development Company Limited (NIPDEC) managed these funds exclusively on behalf of the Ministry of Health.

| | 2011 \$'000 | 2010 \$'000 |
|------------------|----------------|----------------|
| NIPDEC Purchases | 95,494 | 67,785 |
| TOTAL | <u>95,494</u> | <u>67,785</u> |

| Year | NIPDEC Pharm Receipts | NIPDEC Non- Pharm Receipts | Total NIPDEC Receipts |
|------|--------------------------|-------------------------------|--------------------------|
| 2011 | <u>79,004,697.87</u> | <u>16,488,828.44</u> | <u>95,493,526.31</u> |

17. Personnel Costs

| | 2011 \$'000 | 2010 \$'000 |
|-----------------------------|----------------|----------------|
| Salaries - RHA Staff | 403,335 | 404,425 |
| Salaries - MOH Staff | 29,366 | 23,096 |
| NIS - RHA Staff | 21,560 | 19,893 |
| NIS - MOH Staff | 1,682 | 1,666 |
| Pension Contributions - RHA | 29,932 | 18,000 |
| Group Health Plan | 82 | 84 |
| Other allowances - RHA | 124,321 | 119,526 |
| Other allowances - MOH | 11,894 | 6,352 |
| Directors' fees | 730 | 537 |
| TOTAL | <u>622,902</u> | <u>593,579</u> |

18. Medical and Pharmaceutical Costs

| | 2011 \$'000 | 2010 \$'000 |
|----------------------------|----------------|----------------|
| Pharmaceutical supplies | 74,376 | 54,232 |
| Medical supplies | 44,518 | 35,429 |
| Laboratory supplies | 7,726 | 11,764 |
| Purchased patient services | 4,611 | 11,983 |
| TOTAL | <u>131,231</u> | <u>113,408</u> |

19. Other Operating Expenses

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Food supplies | 7,169 | 6,588 |
| Medical gases / Medical equipment rental | 5,111 | 4,907 |
| Hardware supplies | 5,465 | 3,882 |
| Linen | 1,676 | 318 |
| TOTAL | <u>19,421</u> | <u>15,695</u> |

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)**

| 20. Property and Plant Expenses | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Electrical services | 6,901 | 6,127 |
| Water services | 957 | 1,066 |
| Repair and maintenance | 10,483 | 9,565 |
| Security | 16,126 | 14,289 |
| Cleaning | 4,369 | 3,419 |
| Other | 4,866 | 5,964 |
| Depreciation | 7,930 | 7,664 |
| TOTAL | <u>51,632</u> | <u>48,094</u> |

| 21. Administrative Expenses | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Telephone | 4,721 | 3,888 |
| Office supplies | 3,192 | 2,348 |
| Depreciation | 29,997 | 29,360 |
| Bank charges and interest | 1,492 | 2,303 |
| Vehicle costs | 3,059 | 2,004 |
| Rent | 3,419 | 3,191 |
| Professional development and legal fees | 1,858 | 2,318 |
| Other | 5,540 | 9,390 |
| Bad debt provision | 5,677 | 5,587 |
| TOTAL | <u>58,955</u> | <u>60,389</u> |

22. Pension

The South-West Regional Health Authority's (SWRHA's) permanent, full-time and monthly-paid employees are members of the Regional Health Authorities Pension Plan. The SWRHA has its own section of the Pension Plan, which is separate from the sections of the other Regional Health Authorities. This enables the SWRHA to meet the cost of benefits for its own employees in isolation and without cross subsidy to or from the other sections of the Pension Plan.

The RHA Pension Plan is a defined benefit pension plan, and provides pensions benefits upon retirement to its members based on the length of service and basic earnings. For this purpose, service includes service with the SWRHA prior to the establishment of the Plan and pensionable service with the Government of Trinidad and Tobago or a Statutory Authority prior to transfer of employment with the SWRHA. Any superannuation benefits payable from the Consolidated Fund in respect of service that is also pensionable under the Plan are offset against benefits from the Pension Plan.

The Pension Plan was established by irrevocable trust and its assets are held in a separate fund administered by independent Trustees, Republic Finance and Merchant Bank Limited. The Plan is funded by contributions from the employers and the members in accordance with the recommendations of the Plan's Actuary, Bacon Woodrow and de Souza.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

22. Pension (cont'd)

The Authority's first time adoption of the full requirements of *IAS 19 Employee Benefits* is for financial year ended September 30, 2010 with comparatives for financial year ended September 30, 2009 being re-stated. Prior to financial year September 30, 2010 the Authority was unable to meet the full requirements of *IAS 19 Employee Benefits* because the actuary's report is provided triennially and not for each financial year end as is now being done.

The liability recognised in the Statement of Financial Position is the fair value of the plan assets less the present value of the defined benefit obligation at the reporting date. The net pension is recognised in the Statement of Comprehensive Income. Actuarial gains and losses arising from experience adjustments and changes in actuarial adjustments are immediately credited to or charged to other comprehensive income.

22a. Net Liability in the Statement of Financial Position

| | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| Present value of Defined Benefit Obligation | 218,700 | 168,100 |
| Fair Value of Assets | (190,100) | (133,400) |
| Defined Benefit Liability | <u>28,600</u> | <u>34,700</u> |

22b. Movement In the Present Value of the Defined Benefit Obligation

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Defined Benefit Obligation brought forward | 168,100 | 116,400 |
| Current Service Cost | 25,000 | 15,000 |
| Interest Cost | 11,900 | 9,500 |
| Members' Contribution | 5,600 | 6,000 |
| Re-measurements: | | |
| Experience Adjustments | 8,400 | (3,100) |
| Actuarial (gains) / losses from changes in financial assumptions | - | 24,800 |
| Benefits paid | (300) | (500) |
| Defined Benefit Obligation carried forward | <u>218,700</u> | <u>168,100</u> |

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

22c. The defined benefit obligation is allocated between the Plans' members as follows:

| Period Ending 30 September | 2011 | 2010 |
|--|------------|------------|
| Active Members | 97% | 97% |
| Deferred pensioners | 2% | 2% |
| Pensioners | 1% | 1% |
| The weighted average duration of the defined benefit obligation at year end | 19.9 years | 19.9 years |
| Percentage of the value of the benefits for active members is vested | 86% | 86% |
| Percentage of the defined obligation for active members that is conditional on future salary increases | 55% | 55% |

22d. Movement In the Fair Value of Plan Assets

| | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| Fair value of Plan Assets at the start of the Year | 133,400 | 97,700 |
| Interest Income | 10,200 | 8,300 |
| Return on Plan Assets, exc Interest Income | (400) | 1,600 |
| Employer Contributions | 18,600 | 21,000 |
| Members' Contributions | 5,600 | 6,000 |
| Funds transferred in/(out) | 23,800 | - |
| Benefits paid | (300) | (500) |
| Expense Allowance | (800) | (700) |
| Fair value of Plan Assets at the end of the Year | 190,100 | 133,400 |
| Actual return on Plan Assets | 9,800 | 9,900 |

The asset allocation below is for the Plan as a whole. The allocation of assets to the employer sections of the Plan is notional. The asset values as at each year end were provided by the Plan's Trustees (Republic Bank Limited). Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is illiquid. The Investment Managers calculate the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using constructed yield curve.

The majority of the Plan's government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plans.

The Plan's assets are invested in accordance with a strategy agreed with the Plan's Trustee and Management Committee and the Pensions Oversight Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more that 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)**

| 22e. Period Ending 30 September | 2011 | 2010 |
|---|---------------|---------------|
| Asset Allocation | | |
| Locally Listed Equities | 11.10% | 9.20% |
| Overseas Equities | 4.40% | 4.80% |
| TT\$ Bonds | 51.30% | 51.80% |
| US\$ Bonds | 0.10% | 0.20% |
| Cash and cash equivalents | 32.90% | 33.80% |
| Other (Mortgages and property mutual funds) | 0.20% | 0.20% |
| Fair Value of Plan Assets at end of the year | <u>100%</u> | <u>100%</u> |
| | | |
| 22f. Expense Recognised in Statement of Comprehensive Income (Profit and Loss) | 2011 | 2010 |
| | \$'000 | \$'000 |
| Current service cost | 25,000 | 15,000 |
| Net Interest on Net Defined Benefit Liability/(Asset) | 1,700 | 1,200 |
| Expense Allowance | 800 | 700 |
| Net Pension Cost | <u>27,500</u> | <u>16,900</u> |
| | | |
| 22g. Re-measurements recognised in Other Comprehensive Income | 2011 | 2010 |
| | \$'000 | \$'000 |
| Experience (gains)/losses | 8,800 | 20,100 |
| Total amount recognised in Other Comprehensive Income | <u>8,800</u> | <u>20,100</u> |
| | | |
| 22h. Reconciliation of Opening and Closing Balance Sheet Entries | 2011 | 2010 |
| | \$'000 | \$'000 |
| Opening Defined Benefit Liability/(Asset) | 34,700 | 18,700 |
| Net Pension Cost | 27,500 | 16,900 |
| Re-measurements recognised in Other Comprehensive Income | 8,800 | 20,100 |
| Net transfers | (23,800) | - |
| Employer Contributions Paid | (18,600) | (21,000) |
| Closing Defined benefit Liability/(Asset) | <u>28,600</u> | <u>34,700</u> |

SOUTH-WEST REGIONAL HEALTH AUTHORITY

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)

| 22i. Movement in Defined Liability/(Asset) | 2011 \$'000 | 2010 \$'000 |
|--|-----------------|----------------|
| Re-measurements recognised in Other Comprehensive Income | 8,800 | 20,100 |
| Net Transfers | (23,800) | - |
| Employer Contributions paid | (18,600) | (21,000) |
| Movement in Defined Benefit Liability | <u>(33,600)</u> | <u>(900)</u> |

| 22j. Summary of Principal Assumptions as at 30 September | 2011 | 2010 |
|--|--------------|--------------|
| Discount rate | 6.50% | 6.50% |
| Salary increases: | | |
| General increases | 4.50% | 4.50% |
| Promotional increases | 1.00% | 1.00% |
| Total Salary increases | <u>5.50%</u> | <u>5.50%</u> |
| Increases to Government's minimum pension | 0.00% | 0.00% |
| Future pension increases | 0.00% | 0.00% |

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation are as follows:

| 22k. Life Expectancy at age 60 for current pensioner in years | 2011 | 2010 |
|--|------|------|
| Male | 21.0 | 21.0 |
| Female | 25.1 | 25.1 |
| Life Expectancy at age 60 for current pensioner age 40 in years | | |
| Male | 21.4 | 21.4 |
| Female | 25.4 | 25.4 |

Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarizes how the defined benefit obligation would have changed as a result of a change in the assumptions used. These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (cont'd)**

| 22l. | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| 1% pa increase in the discount rate | -38,900 | -29,900 |
| 1% pa decrease in the discount rate | +51,200 | +39,300 |
| 1% pa increase in the assumed rate of the future salary increases | +33,100 | +25,500 |
| 1% pa decrease in the assumed rate of the future salary increases | -28,400 | -21,800 |
| An increase of 1 year in the assumed life expectancies | +2,100 | +1,600 |

Funding

The Employer meets the balance of the cost of funding the defined benefits and the Employer must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Employer expects to pay the following contributions (in \$Millions) during the next financial year.

| 22m. | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Expected Employer Contributions in next financial year | <u>29,600</u> | <u>18,600</u> |