



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

SOUTH EASTERN SYDNEY AND ILLAWARRA AREA HEALTH SERVICE AND ITS CONTROLLED ENTITY

To Members of the New South Wales Parliament

I have audited the accompanying financial report of South Eastern Sydney and Illawarra Area Health Service (the Service), which comprises the balance sheets as at 30 June 2009, the operating statements, statements of recognised income and expense, cash flow statements, service group statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Service and the consolidated entity. The consolidated entity comprises the Service and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Service and the consolidated entity as at 30 June 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

My opinion should be read in conjunction with the rest of this report.

Chief Executive's Responsibility for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

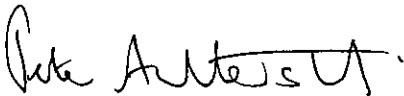
My opinion does *not* provide assurance:

- about the future viability of the Service or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.




Peter Achterstraat
Auditor-General

23 September 2009
SYDNEY

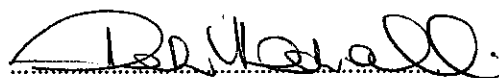
**Certification of Parent/Consolidated Financial Statements
For the Period Ended 30 June 2009**

The attached financial statements of the South Eastern Sydney and Illawarra Area Health Service for the year ended 30 June 2009:

- i) Have been prepared in accordance with the requirements of applicable Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AEIFRS), the requirements of the *Public Finance and Audit Act 1983* and its regulations, the Health Services Act 1997 and its regulations, the Accounts and Audit Determination and the Accounting Manual for Area Health Services and Public Hospitals;
- ii) Present fairly the financial position and transactions of the South Eastern Sydney and Illawarra Area Health Service;
- iii) Have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate; and
- iv) the internal controls exercised by the South Eastern Sydney and Illawarra Area Health Service are appropriate and effective in accounting for all income received and applied by the South Eastern Sydney and Illawarra Area Health Service from any of its fundraising appeals.



**Chief Executive
South Eastern Sydney and
Illawarra Area Health Service
21 September 2009**



**Chief Financial Officer
South Eastern Sydney and
Illawarra Area Health Service
21 September 2009**

South Eastern Sydney and Illawarra Area Health Service
Operating Statement for the year ended 30 June 2009

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
Expenses excluding losses						
Operating Expenses						
0	0	0				
1,322,930	1,306,315	1,231,965	3	1,322,930	1,306,315	1,231,965
67,274	71,315	67,005	4	0	0	0
545,307	535,310	496,258	5	67,274	71,315	67,005
61,333	61,926	64,871	2(i), 6	545,307	535,310	496,258
27,484	23,088	48,406	7	61,333	61,926	64,871
430	298	758	8	27,484	23,088	48,406
302,168	302,591	287,451	9	430	298	758
				302,168	302,591	287,451
2,326,926	2,300,843	2,196,714		2,326,926	2,300,843	2,196,714
Revenue						
506,380	495,674	454,623	10	506,380	495,674	454,623
3,148	11,076	2,353	11	3,148	11,076	2,353
37,178	34,550	49,658	12	37,178	34,550	49,658
19,494	13,090	23,927	13	19,494	13,090	23,927
566,200	554,390	530,561		566,200	554,390	530,561
(5,193)	(5,321)	(585)	14	(5,193)	(5,321)	(585)
(1,746)	(2,801)	(1,831)	15	(1,746)	(2,801)	(1,831)
1,767,665	1,754,575	1,668,569	35	1,767,665	1,754,575	1,668,569
Net Cost of Services						
Government Contributions						
1,660,015	1,660,015	1,560,962	2(d)	1,660,015	1,660,015	1,560,962
18,885	30,470	18,233	2(d)	18,885	30,470	18,233
0	(486)	0		0	(486)	0
23,947	23,115	24,052	2(a)(ii)	23,947	23,115	24,052
1,702,847	1,713,114	1,603,247		1,702,847	1,713,114	1,603,247
(64,818)	(41,461)	(65,322)		(64,818)	(41,461)	(65,322)
RESULT FOR THE YEAR						

The accompanying notes form part of these Financial Statements

South Eastern Sydney and Illawarra Area Health Service
Statement of Recognised Income and Expense for the year ended 30 June 2009

PARENT		CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes
(13,424)	0	(13,424)	0	47,700	
					Net increase(decrease) in Property, Plant and Equipment Asset Revaluation Reserve
					Available for Sale Financial Assets Valuation Gains/(Losses) Transferred to Result for the Year on Disposal
(447)	0	(447)	0	0	Financial asset revaluation reserve Increase/(Decrease)
(1,203)	755	(1,203)	755	267	267 Net assets transferred to Health Support Services
<u>(15,074)</u>	<u>755</u>	<u>(15,074)</u>	<u>755</u>	<u>47,967</u>	47,967 TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY
(64,818)	(41,461)	(64,818)	(41,461)	(65,322)	Result for the Year
<u>(79,892)</u>	<u>(40,706)</u>	<u>(79,892)</u>	<u>(40,706)</u>	<u>(17,355)</u>	TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR
					31
					EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS
0	0	0	0	0	0 Superannuation liability
0	0	0	0	0	0 Accumulated Funds
0	0	0	0	0	0 Reserves
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	TOTAL EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS
					31

The accompanying notes form part of these Financial Statements

South Eastern Sydney and Illawarra Area Health Service
Balance Sheet as at 30 June 2009

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
ASSETS						
Current Assets						
18,185	14,647	19,546	18	18,185	14,647	19,546
48,663	41,275	51,197	19	48,663	41,275	51,197
20,303	18,763	18,733	20	20,303	18,763	18,733
79,860	82,946	82,945	21	79,860	82,946	82,945
<u>167,011</u>	<u>157,631</u>	<u>172,421</u>		<u>167,011</u>	<u>157,631</u>	<u>172,421</u>
486	1,861	2,347	25	486	1,861	2,347
<u>167,497</u>	<u>159,492</u>	<u>174,768</u>		<u>167,497</u>	<u>159,492</u>	<u>174,768</u>
Non-Current Assets						
721	412	412	19	721	412	412
1,190,174	1,202,612	1,234,360	22	1,190,174	1,202,612	1,234,360
97,912	112,126	82,453	22	97,912	112,126	82,453
127,481	131,267	135,692	22	127,481	131,267	135,692
<u>1,415,567</u>	<u>1,446,005</u>	<u>1,452,505</u>		<u>1,415,567</u>	<u>1,446,005</u>	<u>1,452,505</u>
482	482	964	23	482	482	964
16,525	14,664	14,664	24	16,525	14,664	14,664
<u>1,433,295</u>	<u>1,461,563</u>	<u>1,468,545</u>		<u>1,433,295</u>	<u>1,461,563</u>	<u>1,468,545</u>
<u>1,600,792</u>	<u>1,621,055</u>	<u>1,643,313</u>		<u>1,600,792</u>	<u>1,621,055</u>	<u>1,643,313</u>
LIABILITIES						
Current Liabilities						
167,529	135,782	173,235	27	167,529	135,782	173,235
6,290	8,310	4,069	28	6,290	8,310	4,069
398,330	408,085	363,472	29	398,330	408,085	363,472
1,617	1,817	1,619	30	1,617	1,817	1,619
<u>573,766</u>	<u>553,994</u>	<u>542,395</u>		<u>573,766</u>	<u>553,994</u>	<u>542,395</u>
Non-Current Liabilities						
10,496	10,684	4,168	28	10,496	10,684	4,168
9,479	8,892	8,560	29	9,479	8,892	8,560
15,329	16,575	16,576	30	15,329	16,575	16,576
<u>35,304</u>	<u>36,151</u>	<u>29,304</u>		<u>35,304</u>	<u>36,151</u>	<u>29,304</u>
<u>609,070</u>	<u>590,145</u>	<u>571,699</u>		<u>609,070</u>	<u>590,145</u>	<u>571,699</u>
<u>991,722</u>	<u>1,030,910</u>	<u>1,071,614</u>		<u>991,722</u>	<u>1,030,910</u>	<u>1,071,614</u>
EQUITY						
276,652	291,910	291,908	31	276,652	291,910	291,908
715,127	738,610	779,316	31	715,127	738,610	779,316
991,779	1,030,520	1,071,224		991,779	1,030,520	1,071,224
(57)	390	390	25	(57)	390	390
<u>991,722</u>	<u>1,030,910</u>	<u>1,071,614</u>		<u>991,722</u>	<u>1,030,910</u>	<u>1,071,614</u>

The accompanying notes form part of these Financial Statements

South Eastern Sydney and Illawarra Area Health Service
Cash Flow Statement for the year ended 30 June 2009

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
(1,259,138)	(1,240,494)	(1,192,022)		(1,259,138)	(1,240,494)	(1,192,022)
(30,013)	(25,617)	(53,019)		(30,013)	(25,617)	(53,019)
(430)	(298)	(758)		(430)	(298)	(758)
<u>(1,010,206)</u>	<u>(1,033,787)</u>	<u>(891,419)</u>		<u>(1,010,206)</u>	<u>(1,033,787)</u>	<u>(891,419)</u>
<u>(2,299,787)</u>	<u>(2,300,196)</u>	<u>(2,137,218)</u>		<u>(2,299,787)</u>	<u>(2,300,196)</u>	<u>(2,137,218)</u>
Receipts						
630,522	632,957	593,844		630,522	632,957	593,844
3,148	11,076	2,353		3,148	11,076	2,353
<u>13,842</u>	<u>13,090</u>	<u>9,230</u>		<u>13,842</u>	<u>13,090</u>	<u>9,230</u>
<u>647,512</u>	<u>657,123</u>	<u>605,427</u>		<u>647,512</u>	<u>657,123</u>	<u>605,427</u>
Cash Flows From Government						
1,660,015	1,660,015	1,560,962		1,660,015	1,660,015	1,560,962
18,885	30,470	16,079		18,885	30,470	16,079
<u>0</u>	<u>(486)</u>	<u>0</u>		<u>0</u>	<u>(486)</u>	<u>0</u>
<u>1,678,900</u>	<u>1,689,999</u>	<u>1,577,041</u>		<u>1,678,900</u>	<u>1,689,999</u>	<u>1,577,041</u>
<u>26,625</u>	<u>46,926</u>	<u>45,250</u>	35	<u>26,625</u>	<u>46,926</u>	<u>45,250</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
1,220	1,220	1,141		1,220	1,220	1,141
(40,840)	(63,801)	(34,719)		(40,840)	(63,801)	(34,719)
<u>3,085</u>	<u>0</u>	<u>(547)</u>		<u>3,085</u>	<u>0</u>	<u>(547)</u>
<u>(36,535)</u>	<u>(62,581)</u>	<u>(34,125)</u>		<u>(36,535)</u>	<u>(62,581)</u>	<u>(34,125)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
13,033	13,033	0		13,033	13,033	0
<u>(4,484)</u>	<u>(2,277)</u>	<u>(4,902)</u>		<u>(4,484)</u>	<u>(2,277)</u>	<u>(4,902)</u>
<u>8,549</u>	<u>10,756</u>	<u>(4,902)</u>		<u>8,549</u>	<u>10,756</u>	<u>(4,902)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES						
<u>(1,361)</u>	<u>(4,899)</u>	<u>6,223</u>		<u>(1,361)</u>	<u>(4,899)</u>	<u>6,223</u>
<u>19,546</u>	<u>19,546</u>	<u>13,323</u>		<u>19,546</u>	<u>19,546</u>	<u>13,323</u>
<u>18,185</u>	<u>14,647</u>	<u>19,546</u>	18	<u>18,185</u>	<u>14,647</u>	<u>19,546</u>
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these Financial Statements

South Eastern Sydney and Illawarra Area Health Service
Service Group Statements
for the Year Ended 30 June 2009

SERVICES EXPENSES AND INCOME	1.1 *		1.2 *		1.3 *		2.1 *		2.2 *		2.3 *		3.1 *		4.1 *		5.1 *		6.1 *		Total		
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																							
Operating Expenses	63,419	78,596	3,186	2,545	183,876	158,635	111,830	103,685	595,068	555,769	70,998	65,985	86,594	80,712	100,194	95,412	21,406	15,581	86,359	75,045	1,322,930	1,231,965	
Employee Related	2,135	2,173	97	50	8,707	8,559	7,030	7,240	32,045	31,933	4,781	4,891	5,334	4,866	2,834	2,845	1,108	1,183	3,203	3,265	67,274	67,005	
Visiting Medical Officers	17,285	25,613	781	856	64,626	57,060	44,080	40,778	291,157	254,950	36,631	32,642	23,028	21,466	28,579	27,020	6,026	5,989	32,904	30,223	545,307	496,238	
Other Operating Expenses	2,145	2,335	103	81	9,046	9,721	5,316	5,579	29,102	30,723	3,373	3,538	3,202	3,322	5,111	5,361	481	472	3,454	3,798	61,333	64,871	
Depreciation and Amortisation	11,769	12,601	327	81	219	584	112	305	576	1,648	70	182	8,415	4,894	3,000	1,626	2,394	165	2,602	26,350	27,484	48,406	
Grants and Subsidies	19	33	1	1	60	111	39	69	204	399	22	39	27	44	29	53	6	8	23	41	430	758	
Finance Costs	13,314	12,546	260	258	67,259	59,879	14,915	15,901	120,411	108,775	12,806	9,859	13,717	11,896	39,547	50,885	0	0	19,939	17,452	302,168	287,451	
Payments to Affiliated Health Organisations	110,086	133,898	4,755	3,872	333,793	294,549	183,332	173,558	1,072,563	983,897	128,881	117,136	140,317	127,200	179,284	183,202	31,421	23,288	142,484	158,114	0	0	
Total Expenses excluding losses	3,568	4,733	53	56	21,263	19,111	22,970	24,385	357,796	313,973	43,523	36,536	2,688	2,107	40,468	39,720	2,513	2,289	11,867	11,703	606,380	454,623	
Revenue	107	82	2	4	285	200	179	116	3,312	2,732	92	81	76	3	463	417	126	29	(1,484)	(1,311)	3,148	2,353	
Sale of Goods and Services	2,785	6,336	92	81	3,230	4,604	472	908	9,504	12,890	1,555	1,586	251	281	1,642	4,213	7,358	5,190	10,319	13,576	37,178	49,658	
Investment Revenue	290	583	5	8	1,893	1,943	618	608	11,132	15,022	821	869	248	185	2,111	2,030	373	784	2,303	1,664	19,404	23,977	
Grants and Contributions	5,711	11,734	152	149	26,671	25,358	23,639	26,028	381,744	344,517	45,691	38,112	3,245	2,556	44,884	46,980	10,370	8,282	22,795	25,835	586,200	530,551	
Other Revenue	(47)	5	(2)	(3)	(519)	(60)	(169)	(19)	(3,590)	(416)	(224)	(25)	(106)	(1)	(322)	(22)	(19)	(26)	(186)	(18)	(5,193)	(955)	
Gain / (Loss) on Disposal	(28)	(39)	(1)	(1)	(175)	(150)	(59)	(70)	(1,129)	(1,222)	(60)	(70)	(27)	(18)	(84)	(172)	(31)	(25)	(53)	(67)	(1,746)	(1,831)	
Other Gains / (Losses)	103,459	122,197	4,606	3,727	307,816	268,901	159,720	147,619	895,538	840,918	83,174	78,119	137,207	124,661	135,116	137,016	21,100	15,047	119,938	130,364	1,702,847	1,603,247	
Net Cost of Services																							
Government Contributions																							

RESULT FOR THE YEAR

NSW Budget Paper 3 has replaced program statements with Service Group Statements. Service Group Statements focus on the key measures of service delivery performance.

The name and purpose of each Service Group is summarised in Note 17. There has been no need to amend comparative data for 2008.

The Service Group Statement uses statistical data to 30 June 2008 (or more reliable recent date) to allocate the current period's financial information on Expenses and Income to each Service Group.

No changes have occurred during the period between 1 July 2008 and 30 June 2009 which would materially impact this allocation.

(64,818) (65,322)

South Eastern Sydney and Illawarra Area Health Service
Service Group Statements
for the Year Ended 30 June 2009

SERVICES' ASSETS AND LIABILITIES	1.1		1.2		1.3		2.1		2.2		2.3		3.1		4.1		5.1		6.1		Total		
	Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Service Group		Total		
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000
ASSETS																							
Current Assets	861	1,191	37	2,612	2,621	1,435	1,544	8,369	8,755	1,009	1,042	1,098	1,132	1,403	1,630	246	207	1,115	1,390	18,185	19,546		
Cash and Cash Equivalents	580	1,132	13	2,304	2,495	2,060	2,512	32,725	33,254	3,974	3,774	280	247	3,861	4,475	896	800	1,970	2,494	48,863	51,197		
Receivables	647	967	29	2,419	2,155	1,651	1,539	10,788	9,614	1,379	1,232	862	810	1,070	1,020	226	222	1,232	1,142	20,303	18,733		
Inventories	3,783	5,056	163	11,471	11,122	6,300	6,553	36,755	37,151	4,429	4,423	4,822	4,803	6,161	6,917	1,080	879	4,896	5,895	79,860	82,945		
Financial Assets at Fair Value	486	2,347																		486	2,347		
Non-Current Assets Held for Sale	8,357	10,693	242	18,806	18,393	11,446	12,148	88,537	88,774	10,791	10,471	7,062	6,992	12,495	14,042	2,448	2,108	9,213	10,921	0	167,497	174,768	
Total Current Assets	9	9	0	34	20	31	20	485	268	59	30	4	2	57	36	13	6	29	21	721	412		
Non-Current Assets	41,624	44,449	1,991	175,539	184,970	103,155	106,157	564,731	584,595	65,450	67,321	62,127	63,211	98,177	102,009	9,336	8,981	67,044	71,126	1,190,174	1,234,360		
Property, Plant and Equipment	3,424	2,969	164	14,441	12,356	8,486	7,091	46,459	39,050	5,384	4,497	5,111	4,222	8,159	6,814	768	600	5,516	4,751	97,912	82,453		
- Land and Buildings	4,458	4,886	213	18,802	20,334	11,049	11,670	60,489	64,264	7,010	7,401	6,654	6,949	10,623	11,214	1,000	987	7,183	7,818	127,481	135,692		
- Plant and Equipment	17	35	1	71	144	42	83	229	457	27	53	25	49	40	80	4	7	26	55	482	964		
- Infrastructure Systems	783	894	34	2,374	1,966	1,304	1,159	7,605	6,568	916	782	988	849	1,275	1,223	223	155	1,013	1,042	16,525	14,864		
Intangible Assets	50,315	53,242	2,403	1,840	211,261	124,067	126,180	879,998	895,202	78,846	80,084	74,919	75,282	119,331	121,376	11,344	10,736	80,811	84,813	0	1,433,295	1,468,545	
Other	56,672	63,935	2,645	2,066	230,067	238,183	136,328	768,635	763,976	89,637	90,555	81,981	82,274	131,826	135,418	13,792	12,844	90,024	95,734	0	1,600,792	1,643,313	
Total Non-Current Assets	5,340	8,941	241	19,964	19,926	13,620	14,235	89,018	88,908	11,378	11,395	7,114	7,493	8,829	9,432	1,862	2,056	10,163	10,550	167,529	173,235		
Total Assets	298	248	13	7	903	496	321	2,895	1,822	349	217	360	236	485	339	85	43	386	290	6,290	4,069		
Liabilities	19,095	23,189	959	55,365	46,803	33,672	30,591	180,377	163,971	21,377	19,468	26,675	23,813	30,168	28,150	6,445	4,597	24,197	22,139	398,330	363,472		
Current Liabilities	77	99	3	232	217	128	128	744	725	90	86	98	94	125	135	22	17	98	115	1,617	1,619		
Non-Current Liabilities	24,810	32,477	1,216	76,464	67,492	47,916	45,275	273,039	255,426	33,194	31,166	34,287	31,636	39,607	38,056	8,414	6,713	34,844	33,094	0	573,766	542,395	
Payables	487	254	21	1,508	559	828	329	4,831	1,867	582	222	634	241	810	348	142	44	643	297	10,496	4,168		
Borrowings	454	546	23	1,318	1,102	801	720	4,292	3,862	509	458	635	561	718	663	153	108	576	522	9,479	8,560		
Provisions	726	1,010	31	2,202	2,223	1,209	1,310	7,055	7,424	850	884	926	960	1,183	1,382	207	176	940	1,178	15,329	16,576		
Other	1,677	1,810	75	5,028	3,884	2,838	2,359	16,178	13,153	1,941	1,564	2,195	1,762	2,711	2,393	502	328	2,158	1,997	0	35,304	29,304	
Total Non-Current Liabilities	26,487	34,287	1,291	1,114	81,492	71,376	50,754	47,634	289,212	268,578	35,135	32,730	36,462	33,398	42,318	40,449	8,916	7,041	37,003	35,091	0	609,070	571,899
Total Liabilities	30,185	29,648	1,354	952	148,575	166,807	84,759	90,694	479,423	515,397	54,502	57,825	45,519	48,876	89,508	94,989	4,876	5,803	53,021	60,643	0	991,722	1,071,614

Assets and Liabilities that are specific to service groups are allocated accordingly eg. Assets held for sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2 and), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

The statistical data collected to 30 June 2008 (or more reliable recent data) to apportion Service Group expenses and revenues is also used to attribute assets and liabilities to each Service Group.

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

1 The Health Service Reporting Entity

The South Eastern Sydney and Illawarra Area Health Service was established under the provisions of the Health Services Act with effect from 1 January 2005.

The South Eastern Sydney and Illawarra Area Health Service, as a reporting entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the South Eastern Sydney and Illawarra Area Health Service. The South Eastern Sydney and Illawarra Area Health Service is a not for profit entity.

The South Eastern Sydney and Illawarra Area Health Service Special Purpose Service Entity was established as a Division of the Government Service on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. These Divisions provide personnel services to enable a Health Service to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the South Eastern Sydney and Illawarra Area Health Service (as the parent entity), the financial report of the special purpose entity Division and the consolidated financial report of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 12, 27, 29 and 35 being especially relevant.

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

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements have been authorised for issue by the Chief Executive on 21 September 2009.

2 Summary of Significant Accounting Policies

The South Eastern Sydney and Illawarra Area Health Service's financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

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

The consolidated entity has a deficiency of working capital of \$406,269,000 (2008 \$367,627,000). Notwithstanding this deficiency the financial report has been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

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

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

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

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial report of the South Eastern Sydney and Illawarra Area Health Service.

South Eastern Sydney and Illawarra Area Health Service
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Accounting Standard/Interpretation

AASB 127 and AASB 2008-3, Business Combinations, has application in reporting periods beginning on or after 1 July 2009 and determines information to be disclosed in respect of business acquisitions. Its applicability to not for profit entities is yet to be determined.

AASB 8 and AASB 2007-3 Operating Segments, has application in reporting periods beginning on or after 1 January 2009. It relates to for profit entities specifically and is therefore not applicable to the South Eastern Sydney and Illawarra Area Health Service.

AASB 101, Presentation of Financial Statements, effective for reporting periods beginning on 1 July 2009, has reduced the disclosure requirements for various reporting entities. However, in not for profit entities such as the South Eastern Sydney and Illawarra Area Health Service there is no change required.

AASB 123 Borrowing Costs, has application in reporting periods beginning on or after 1 January 2009. The Standard, which requires capitalisation of borrowing costs, has not been adopted in 2008/09 nor is adoption expected prior to 2009/10.

AASB 1039, Concise Financial Reports, responds to changes in Section 314 of the Corporations Law. It is not applicable to South Eastern Sydney and Illawarra Area Health Service.

AASB 2008-1, Share Based Payments has no applicability to the South Eastern Sydney and Illawarra Area Health Service.

AASB 2008-2, Puttable Financial Instruments and Obligations Arising on Liquidation, effective from 1 July 2009 has no application to the South Eastern Sydney and Illawarra Area Health Service.

AASB 2008-5 and AASB 2008-6, Annual Improvements Project, has application from 1 July 2009 and comprises changes for presentation, recognition or measurement purposes which are currently assessed as having no material impact on the South Eastern Sydney and Illawarra Area Health Service.

AASB 2008-7 Investment in a Subsidiary, Jointly Controlled Entity or Associate, has no impact on the South Eastern Sydney and Illawarra Area Health Service.

AASB 2008-8 Eligible Hedged Items, has application from 1 July 2009 but has no current applicability to the South Eastern Sydney and Illawarra Area Health Service.

AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101, has mandatory application from 1 July 2009 and will not be early adopted by the South Eastern Sydney and Illawarra Area Health Service.

AASB 2008-11 Business Combinations Among Not for Profit, has application from 1 July 2009 and focuses largely on Local Government.

AASB 2008-13, Distribution of Non Cash Assets to Owners, has application in reporting periods beginning on or after 1 July 2009 but is assessed as having no applicability to the South Eastern Sydney and Illawarra Area Health Service.

AASB 2009-2, Improving Disclosures about Financial Instruments, has mandatory application from 1 July 2009. Changes to be advised by NSW Treasury concerning fair value measurement and liquidity risk will be adopted by the South Eastern Sydney and Illawarra Area Health Service.

Interpretation 15 Construction of Real Estate, applies from 1 July 2009 but has no impact on the South Eastern Sydney and Illawarra Area Health Service which is not involved in the construction of real estate for sale.

Interpretation 16, Agreements for the Hedges of a Net Investment in a Foreign Operation, has application from 1 July 2009 but has no relevance to the South Eastern Sydney and Illawarra Area Health Service.

Interpretation 17 & AASB 2008-13 Distributions of Non Cash Assets to Owners, applies from 1 July 2009 and principally addresses share holder distributions. It is not applicable to the South Eastern Sydney and Illawarra Area Health Service.

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

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

a) Employee Benefits and Other Provisions

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

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

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On costs of 17% are applied to the value of leave payable at 30 June 2009, such on costs being consistent with actuarial assessment (Comparable on costs for 30 June 2008 were also 17%).

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

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

ii) Long Service Leave and Superannuation

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

Long Service Leave provisions are measured on a short hand basis at an escalated rate of 9.8% (8.1% at 30 June 2008) for all employees with five or more years of service. The escalation applied is consistent with actuarial assessment and is affected in the main by the fall in the Commonwealth Government 10 year bond yield which is used as the discount rate.

The South Eastern Sydney and Illawarra Area Health Service's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. The South Eastern Sydney and Illawarra Area Health Service accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits". Any liability attached to Superannuation Guarantee Charge cover is reported in Note 27, "Payables".

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

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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iii) Other Provisions

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

These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

b) Insurance

The South Eastern Sydney and Illawarra Area Health Service's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past experience.

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services, ie user charges. User charges are recognised as income when the service is provided or by reference to the stage of completion.

Patient Fees

Patient Fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Department of Health from time to time.

Investment Revenue

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

Debt Forgiveness

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

Use of Hospital Facilities

Specialist doctors with rights of private practice are subject to an infrastructure charge for the use of hospital facilities at rates determined by the NSW Department of Health. Charges consist of two components:

- * a monthly charge raised by the South Eastern Sydney and Illawarra Area Health Service based on a percentage of receipts generated
- * the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for South Eastern Sydney and Illawarra Area Health Service use in the advancement of the South Eastern Sydney and Illawarra Area Health Service or individuals

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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Use of Outside Facilities

The South Eastern Sydney and Illawarra Area Health Service uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities. The cost method of accounting is used for the initial recording of all such services. Cost is determined as the fair value of the services given and is then recognised as revenue with a matching expense.

Grants and Contributions

Grants and Contributions are generally recognised as revenues when the South Eastern Sydney and Illawarra Area Health Service obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Department of Health Allocations

Payments are made by the NSW Department of Health on the basis of the allocation for the South Eastern Sydney and Illawarra Area Health Service as adjusted for approved supplementations mostly for salary agreements, patient flows between Health Services and approved enhancement projects. This allocation is included in the Operating Statement before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

General operating expenses/revenues of Calvary Health Care Sydney, Eastern Sydney Scarba and Early Intervention Program, Sacred Heart Hospice, St Vincent's Hospital and War Memorial Hospital (Waverley) have only been included in the Operating Statement prepared to the extent of the cash payments made to the Health Organisations concerned. The South Eastern Sydney and Illawarra Area Health Service is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Balance Sheet. Any exceptions are specifically listed in the notes that follow.

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

Income, expenses and assets are recognised net of the amount of GST, except where:

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

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

f) Inter Area and Interstate Patient Flows

Inter Area Patient Flows

Health Services recognise patient flows for patients they have treated that live outside the Service's regional area. The flows recognised are for acute inpatients (other than Mental Health Services), emergency and rehabilitation and extended care.

Patient flows have been calculated using benchmarks for the cost of services for each of the categories identified and deducting estimated revenue, based on the payment category of the patient. The flow information is based on activity for the last completed calendar year. The NSW Department of Health accepts that category identification for various surgical and medical procedures is impacted by the complexities of the coding process and the interpretation of the coding staff when coding a patient's medical records. The Department reviews the flow information extracted from Health Service records and once it has accepted it, requires each Health Service and the Children's Hospital at Westmead to bring to account the value of patient flows in accordance with the Department's assessment.

The adjustments have no effect on equity values as the movement in Net Cost of Services is matched by a corresponding adjustment to the value of the NSW Department of Health Recurrent Allocation.

South Eastern Sydney and Illawarra Area Health Service
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Inter State Patient Flows

Health Services recognise the outflow of acute inpatients that are treated by other States and Territories within Australia who normally reside in the Service's residential area. The Health Services also recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The expense and revenue values reported within the financial statements have been based on 2007/08 activity data using standard cost weighted separation values to reflect estimated costs in 2008/09 for acute weighted inpatient separations. Where treatment is obtained outside the home health service, the State/Territory providing the service is reimbursed by the benefiting Area.

The reporting adopted for both inter area and interstate patient flows aims to provide a greater accuracy of the cost of service provision to the Area's resident population and disclose the extent to which service is provided to non residents.

The composition of patient flow expense/revenue is disclosed in Notes 5 and 10.

g) Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition except for assets transferred as a result of an administrative restructure. (Note 2(z) refers)

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

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

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by the South Eastern Sydney and Illawarra Area Health Service are deemed to be controlled by the South Eastern Sydney and Illawarra Area Health Service and are reflected as such in the financial statements.

h) Capitalisation Thresholds

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

i) Depreciation

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the South Eastern Sydney and Illawarra Area Health Service. Land is not a depreciable asset.

Details of depreciation rates initially applied for major asset categories are as follows:

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%

South Eastern Sydney and Illawarra Area Health Service
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Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%

"Infrastructure Systems" means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

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

j) Revaluation of Non Current Assets

Physical non-current assets are valued in accordance with the NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, "Property, Plant & Equipment" and AASB140, "Investment Property". Investment property is separately discussed at Note 2(o).

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

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The South Eastern Sydney and Illawarra Area Health Service revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Area as at 1 July 2007 was completed on 31 March 2008 and was based on an independent assessment.

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

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

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

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

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

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

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

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the South Eastern Sydney and Illawarra Area Health Service is effectively exempt from AASB 136 "Impairment of Assets" and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Assets Not Able to be Reliably Measured

The South Eastern Sydney and Illawarra Area Health Service may at times hold certain assets that are not recognised in the Balance Sheet because the South Eastern Sydney and Illawarra Area Health Service is unable to measure reliably the value for the assets. The South Eastern Sydney and Illawarra Area Health Service has not identified any assets which are not able to be reliably measured.

m) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

n) Non Current Assets (or disposal groups) Held for Sale

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

o) Investment Properties

Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116 Property, Plant and Equipment. The South Eastern Sydney and Illawarra Area Health Service does not have any property that meets the definition of Investment Property.

p) Intangible Assets

The South Eastern Sydney and Illawarra Area Health Service recognises intangible assets only if it is probable that future economic benefits will flow to the South Eastern Sydney and Illawarra Area Health Service and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the South Eastern Sydney and Illawarra Area Health Service's intangible assets, the assets are carried at cost less any accumulated amortisation. The South Eastern Sydney and Illawarra Area Health Service's intangible assets are amortised using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity the South Eastern Sydney and Illawarra Area Health Service is effectively exempted from impairment testing (see Note 2[k]).

q) Maintenance

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

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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r) Leased Assets

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

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

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

s) Inventories

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

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

t) Loans and Receivables

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

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

u) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The South Eastern Sydney and Illawarra Area Health Service determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

* Fair value through profit or loss - The South Eastern Sydney and Illawarra Area Health Service subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the operating statement.

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

The risk management strategy of the South Eastern Sydney and Illawarra Area Health Service has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act. T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

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

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

- * Held to maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the South Eastern Sydney and Illawarra Area Health Service has the positive intention and ability to hold to maturity are classified as “held to maturity”. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the operating statement when impaired, derecognised or through the amortisation process.

- * Available for sale investments - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the operating statement. However, interest calculated using the effective interest method and dividends are recognised in the operating statement.

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

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

v) Impairment of financial assets

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

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

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

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

w) De-recognition of financial assets and financial liabilities

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

- * where substantially all the risks and rewards have been transferred; or
- * where the South Eastern Sydney and Illawarra Area Health Service has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the South Eastern Sydney and Illawarra Area Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the South Eastern Sydney and Illawarra Area Health Service's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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x) Payables

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

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the South Eastern Sydney and Illawarra Area Health Service.

y) Borrowings

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

z) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds".

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

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

The Statement of Recognised Income and Expense does not reflect the Net Assets or change in equity in accordance with AASB 101 Clause 97.

aa) Trust Funds

The South Eastern Sydney and Illawarra Area Health Service receives monies in a trustee capacity for various trusts as set out in Note 33. As the South Eastern Sydney and Illawarra Area Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the South Eastern Sydney and Illawarra Area Health Service's own objectives, they are not brought to account in the financial statements.

ab) Budgeted Amounts

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

ac) Emerging Asset

The South Eastern Sydney and Illawarra Area Health Services's emerging interest in the St George, Sydney and Randwick Hospitals carparks has been valued in accordance with the Department of Health's policy for Accounting for Privately Financed Projects. This policy required the South Eastern Sydney and Illawarra Area Health Service to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 25 years using the annuity method and the Government Bond rates of 6.27% for St George Hospital, 9.21% for Sydney Hospital and 5.58% for Randwick Campus Hospitals at commencement of the concession period.

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

ad) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 30 June 2008 (or more reliable recent data) which is then applied to the current period's financial information. In respect of Assets and Liabilities the Department requires that all Health Services take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health, eg. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

ae) Joint Venture

The South Eastern Sydney and Illawarra Area Health Service is a registered member of the Illawarra Health and Medical Research Institute (IHMRI).

The IHMRI was established in April 2008 as a collaborative venture between the University of Wollongong and the South Eastern Sydney Illawarra Area Health Service. The IHMRI is incorporated in Australia as a company limited by guarantee under the Corporations Act 2001.

The objectives of the company are to initiate, promote, undertake, develop, conduct, carry out and directly facilitate Health and Medical research through grants and donations; and to make available knowledge obtained from Health and Medical research to the health and medical professions and the general public.

The profits (if any) or other income of the Company, however derived, must be applied solely towards the promotion of the above objectives and may not be paid or transferred to the Members, either directly or indirectly by way of dividend, bonus or otherwise.

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		3. Employee Related		
		Employee related expenses comprise the following:		
0	0	Salaries and Wages	936,707	901,193
0	0	Awards	63,601	50,957
0	0	Superannuation [see note 2(a)] - defined benefit plans	23,947	24,052
0	0	Superannuation [see note 2(a)] - defined contributions	83,323	78,372
0	0	Long Service Leave [see note 2(a)]	43,869	28,684
0	0	Annual Leave [see note 2(a)]	109,102	89,114
0	0	Sick Leave and Other Leave	43,231	44,186
0	0	Redundancies	5,698	187
0	0	Workers Compensation Insurance	13,452	14,896
0	0	Fringe Benefits Tax	0	324
<u>0</u>	<u>0</u>	Total	<u>1,322,930</u>	<u>1,231,965</u>
		The following additional information is provided:		
0	0	Employee Related Expenses capitalised - Plant and Equipment	0	0
		4. Personnel Services		
		Personnel Services comprise the purchase of the following:		
936,707	901,193	Salaries and Wages	0	0
63,601	50,957	Awards	0	0
23,947	24,052	Superannuation [see note 2(a)] - defined benefit plans	0	0
83,323	78,372	Superannuation [see note 2(a)] - defined contributions	0	0
43,869	28,684	Long Service Leave [see note 2(a)]	0	0
109,102	89,114	Annual Leave [see note 2(a)]	0	0
43,231	44,186	Sick Leave and Other Leave	0	0
5,698	187	Redundancies	0	0
13,452	14,896	Workers Compensation Insurance	0	0
0	324	Fringe Benefits Tax	0	0
<u>1,322,930</u>	<u>1,231,965</u>	Total	<u>0</u>	<u>0</u>
		The following additional information is provided:		
0	0	Personnel Services Expenses capitalised - Plant and Equipment	0	0
		5. Other Operating Expenses		
12,326	10,033	Blood and Blood Products	12,326	10,033
25,147	24,928	Domestic Supplies and Services	25,147	24,928
104,737	97,901	Drug Supplies	104,737	97,901
23,542	13,860	Food Supplies	23,542	13,860
11,951	10,549	Fuel, Light and Power	11,951	10,549
37,439	30,845	General Expenses (See (b) below)	37,439	30,845
8,685	7,827	Hospital Ambulance Transport Costs	8,685	7,827
17,870	14,122	Information Management Expenses	17,870	14,122
1,330	1,220	Insurance	1,330	1,220
99,920	82,985	Allocations for Inter Area Patient Outflows, NSW (see note (d) below)	99,920	82,985
3,752	3,902	Interstate Patient Outflows (see (e) below)	3,752	3,902
		Maintenance (See (c) below)		
12,684	12,734	Maintenance Contracts	12,684	12,734
10,467	12,463	New/Replacement Equipment under \$10,000	10,467	12,463
12,852	15,464	Repairs	12,852	15,464
1,695	2,246	Maintenance/Non Contract	1,695	2,246
78	1,572	Other	78	1,572
94,448	89,917	Medical and Surgical Supplies	94,448	89,917
5,177	5,483	Postal and Telephone Costs	5,177	5,483
6,336	5,896	Printing and Stationery	6,336	5,896
2,440	2,367	Rates and Charges	2,440	2,367
4,442	4,430	Rental	4,442	4,430
22,064	24,043	Special Service Departments	22,064	24,043
7,154	3,802	Staff Related Costs	7,154	3,802
11,255	11,378	Sundry Operating Expenses (See (a) below)	11,255	11,378
7,516	6,291	Travel Related Costs	7,516	6,291
<u>545,307</u>	<u>496,258</u>	Total	<u>545,307</u>	<u>496,258</u>

South Eastern Sydney and Illawarra Area Health Service
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		(a) Sundry Operating Expenses comprise:		
10,986	11,149	Contract for Patient Services	10,986	11,149
269	229	Isolated Patient Travel and Accommodation Assistance Scheme	269	229
11,255	11,378	Total	11,255	11,378
		(b) General Expenses include:-		
1,014	1,125	Advertising	1,014	1,125
1,284	1,429	Books, Magazines and Journals	1,284	1,429
		Consultancies		
1,955	2,589	- Operating Activities	1,955	2,589
153	55	- Capital Works	153	55
1,547	1,622	Courier and Freight	1,547	1,622
311	311	Auditor's Remuneration - Audit of financial reports	311	311
99	61	Auditor's Remuneration - Other Services	99	61
993	719	Data Recording and Storage	993	719
437	728	Legal Services	437	728
1,122	667	Membership/Professional Fees	1,122	667
2,767	1,941	Motor Vehicle Expenses	2,767	1,941
4,576	4,909	Motor Vehicle Operating Lease Expense - minimum lease payments	4,576	4,909
7,869	8,563	Other Operating Lease Expense - minimum lease payments	7,869	8,563
36	46	Payroll Services	36	46
290	292	Quality Assurance/Accreditation	290	292
346	450	Translator Services	346	450
837	585	Security Services	837	585
73	207	Licence Fees	73	207
11,730	4,546	Other	11,730	4,546
37,439	30,845	Total	37,439	30,845
		(c) Reconciliation Total Maintenance		
37,776	44,479	Maintenance expense - contracted labour and other (non employee related), included in Note 5	37,776	44,479
6,758	6,439	Employee related/Personnel Services maintenance expense included in Notes 3 and 4	6,758	6,439
44,534	50,918	Total maintenance expenses included in Notes 3, 4 and 5	44,534	50,918
		(d) Details of the Allocations applied to Inter Area Patient Outflows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:-		
67,795	57,377	Sydney South West	67,795	57,377
9,652	7,442	Sydney West	9,652	7,442
9,033	7,979	Northern Sydney Central Coast	9,033	7,979
1,084	1,028	Hunter New England	1,084	1,028
986	954	North Coast	986	954
1,432	1,382	Greater Southern	1,432	1,382
452	426	Greater Western	452	426
9,486	6,397	Children's Hospital Westmead	9,486	6,397
99,920	82,985	Total	99,920	82,985
		(e) Expenses for Interstate Patient Flows are as follows:-		
1,204	1,203	Australian Capital Territory	1,204	1,203
59	82	Northern Territory	59	82
919	1,382	Queensland	919	1,382
149	150	South Australia	149	150
114	90	Tasmania	114	90
1,052	817	Victoria	1,052	817
255	178	Western Australia	255	178
3,752	3,902	Total	3,752	3,902

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
6. Depreciation and Amortisation				
39,988	41,766	Depreciation - Buildings	39,988	41,766
15,563	16,097	Depreciation - Plant and Equipment	15,563	16,097
5,300	5,563	Depreciation - Infrastructure Systems	5,300	5,563
482	1,445	Amortisation - Intangible Assets	482	1,445
61,333	64,871	Total	61,333	64,871
7. Grants and Subsidies				
16,064	15,729	Non Government Voluntary Organisations	16,064	15,729
2,522	2,369	Grants to Community Aged Care Packages	2,522	2,369
295	21,577	Research Organisations	295	21,577
8,603	8,731	Other	8,603	8,731
27,484	48,406	Total	27,484	48,406
8. Finance Costs				
430	758	Interest on Bank Overdrafts and Loans	430	758
430	758	Total	430	758
9. Payments to Affiliated Health Organisations				
(a) Recurrent Sourced				
16,712	24,564	Calvary Hospital	16,712	24,564
1,139	1,092	Eastern Sydney Scarba Centre	1,139	1,092
14,376	14,108	Sacred Heart Hospice	14,376	14,108
260,291	238,458	St Vincent's Hospital	260,291	238,458
9,650	9,229	War Memorial Hospital Waverley	9,650	9,229
302,168	287,451	Total	302,168	287,451

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
7,981	7,140	Sales of Prostheses	7,981	7,140
49	37	Other - Equipment Sales	49	37
<u>1,787</u>	<u>1,841</u>	Pharmacy Sales	<u>1,787</u>	<u>1,841</u>
<u>9,817</u>	<u>9,018</u>		<u>9,817</u>	<u>9,018</u>
(b) Rendering of Services comprise the following:-				
125,560	117,819	Patient Fees [see note 2(d)]	125,560	117,819
1,439	1,793	Staff-Meals and Accommodation	1,439	1,793
43,938	42,372	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	43,938	42,372
12,036	10,345	- Annual Charge	12,036	10,345
2,367	5,414	Cafeteria/Kiosk	2,367	5,414
3,937	3,003	Car Parking	3,937	3,003
932	956	Child Care Fees	932	956
26	1	Clinical Services (excluding Clinical Drug Trials)	26	1
2,469	2,992	Commercial Activities	2,469	2,992
14	9	Enteral Nutrition Income	14	9
298	301	Fees for Medical Records	298	301
282,091	238,574	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	282,091	238,574
23	87	Meals on Wheels	23	87
1,180	1,228	Salary Packaging Fee	1,180	1,228
5,439	2,966	Services Provided to Non NSW Health Organisations	5,439	2,966
125	124	PADP Patient Co-payments	125	124
2,923	9,876	Patient Inflows from Interstate [see below (d)]	2,923	9,876
518	1,084	Food Service Revenues - Other Health Services	518	1,084
8,981	4,581	Motor Accidents Authority - 3rd Party receipts	8,981	4,581
<u>2,267</u>	<u>2,080</u>	Other	<u>2,267</u>	<u>2,080</u>
<u>496,563</u>	<u>445,605</u>		<u>496,563</u>	<u>445,605</u>
<u>506,380</u>	<u>454,623</u>	Total	<u>506,380</u>	<u>454,623</u>
(c) Details of the Allocations received for Inter Area Patient Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:				
129,001	110,652	Sydney South West	129,001	110,652
23,711	21,493	Sydney West	23,711	21,493
44,022	35,936	Northern Sydney Central Coast	44,022	35,936
21,597	20,235	Hunter New England	21,597	20,235
21,804	16,336	North Coast	21,804	16,336
27,761	22,286	Greater Southern	27,761	22,286
<u>14,195</u>	<u>11,636</u>	Greater Western	<u>14,195</u>	<u>11,636</u>
<u>282,091</u>	<u>238,574</u>		<u>282,091</u>	<u>238,574</u>
(d) Revenues from Patient Inflows from Interstate are as follows:-				
1,171	3,855	Australian Capital Territory	1,171	3,855
229	463	Northern Territory	229	463
580	2,060	Queensland	580	2,060
256	1,227	South Australia	256	1,227
86	388	Tasmania	86	388
408	1,505	Victoria	408	1,505
<u>193</u>	<u>378</u>	Western Australia	<u>193</u>	<u>378</u>
<u>2,923</u>	<u>9,876</u>		<u>2,923</u>	<u>9,876</u>
11. Investment Revenue				
Interest				
		- T Corp Hour Glass Investment Facilities designated at Fair Value		
(2,590)	(3,055)	through profit or loss	(2,590)	(3,055)
718	1,557	- Other	718	1,557
<u>5,020</u>	<u>3,851</u>	Lease and Rental Income	<u>5,020</u>	<u>3,851</u>
<u>3,148</u>	<u>2,353</u>	Total	<u>3,148</u>	<u>2,353</u>

Due to the Global Economic Crisis the fair value of the Health Service's T Corp investments diminished, and as a consequence the Health Service received a negative return on investment.

South Eastern Sydney and Illawarra Area Health Service
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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
12. Grants and Contributions				
5,106	6,274	Clinical Drug Trials	5,106	6,274
6,751	15,285	Industry Contributions/Donations	6,751	15,285
1,235	2,340	Commonwealth Government grants	1,235	2,340
131	14	Commonwealth Teaching Hospital grants	131	14
8,722	9,769	Cancer Institute grants	8,722	9,769
7,715	1,478	NSW Government grants	7,715	1,478
1,524	3,314	Research grants	1,524	3,314
70	22	University Commission grants	70	22
604	0	Cancer Care Research	604	0
1,783	2,213	Health Program Grants	1,783	2,213
337	0	Psychological Impact Study Grant	337	0
203	243	Quality Assurance Program Grant	203	243
840	360	Virology Research	840	360
916	1,706	Clinical Initiatives and Quality Improvements	916	1,706
138	152	Diabetes and Viruses Research	138	152
310	1,462	Paediatric Research and Development	310	1,462
175	758	Pain Research	175	758
618	4,268	Other grants	618	4,268
<u>37,178</u>	<u>49,658</u>	Total	<u>37,178</u>	<u>49,658</u>
13. Other Revenue				
Other Revenue comprises the following:-				
466	468	Commissions	466	468
338	328	Conference and Training Fees	338	328
2	8	Discounts	2	8
191	161	Sale of Merchandise, Old Wares and Books	191	161
179	145	Sponsorship Income	179	145
11,607	12,048	Treasury Managed Fund Hindsight Adjustment	11,607	12,048
1,861	2,333	Rights to Receive Fixed Assets	1,861	2,333
500	0	Insurance Refund	500	0
4,350	8,436	Other	4,350	8,436
<u>19,494</u>	<u>23,927</u>	Total	<u>19,494</u>	<u>23,927</u>
14. Gain/(Loss) on Disposal				
36,464	25,870	Property Plant and Equipment	36,464	25,870
30,051	24,144	Less Accumulated Depreciation	30,051	24,144
<u>6,413</u>	<u>1,726</u>	Written Down Value	<u>6,413</u>	<u>1,726</u>
1,220	1,141	Less Proceeds from Disposal	1,220	1,141
<u>(5,193)</u>	<u>(585)</u>	Gain/(Loss) on Disposal of Property Plant and Equipment	<u>(5,193)</u>	<u>(585)</u>
15. Other Gains/(Losses)				
(1,746)	(1,831)	Impairment of Receivables	(1,746)	(1,831)
<u>(1,746)</u>	<u>(1,831)</u>	Total	<u>(1,746)</u>	<u>(1,831)</u>

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2009

PARENT AND CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Total
	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	73	12,563	12,636
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	422	85,068	85,490
Total amount of unexpended contributions as at balance date	495	97,631	98,126

Comment on restricted assets appears in Note 26

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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17 Service Groups of the Health Service

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This Service Group excludes most services for Aboriginal people provided directly by Area Health Services and other general health services which are used by all members of the community).

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

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency ambulance services and treatment of patients in designated emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Service Group 2.2 - Overnight Acute Inpatient Services

Service Description: This service group covers the provision of health care to patients admitted to public hospitals with the intention that their stay will be overnight, including elective surgery and maternity services.

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

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

South Eastern Sydney and Illawarra Area Health Service
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Service Group 2.3 - Same Day Acute Inpatient Services

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

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

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

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

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

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

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
18. Current Assets - Cash and Cash Equivalents				
100	101	Cash on Hand	100	101
11,179	9,047	Cash at Bank	11,179	9,047
1	0	Cash at Bank Capital	1	0
<u>6,905</u>	<u>10,398</u>	Short Term Deposits	<u>6,905</u>	<u>10,398</u>
<u>18,185</u>	<u>19,546</u>		<u>18,185</u>	<u>19,546</u>
Cash & cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:				
<u>18,185</u>	<u>19,546</u>	Cash and cash equivalents (per Balance Sheet)	<u>18,185</u>	<u>19,546</u>
<u>18,185</u>	<u>19,546</u>	Closing Cash and Cash Equivalents (per Cash Flow Statement)	<u>18,185</u>	<u>19,546</u>
Refer to note 40 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.				
19. Current/Non Current Receivables				
Current				
14,066	12,311	(a) Sale of Goods and Services	14,066	12,311
5,536	6,317	Sale of Goods and Services - Patient Fees	5,536	6,317
5,186	1	Sale of Goods and Services - Other	5,186	1
9,235	11,167	Debtors Non Operating	9,235	11,167
3,396	4,509	Debtors GST	3,396	4,509
8,878	10,790	Debtors Expense Recoupment	8,878	10,790
<u>3,263</u>	<u>4,509</u>	Intrahealth	<u>3,263</u>	<u>4,509</u>
		Other Debtors		
49,560	49,604	Sub Total	49,560	49,604
<u>4,200</u>	<u>3,228</u>	Less Allowance for impairment	<u>4,200</u>	<u>3,228</u>
45,360	46,376	Sub Total	45,360	46,376
<u>3,303</u>	<u>4,821</u>	Prepayments	<u>3,303</u>	<u>4,821</u>
<u>48,663</u>	<u>51,197</u>	Total	<u>48,663</u>	<u>51,197</u>
(b) Movement in the allowance for impairment				
Sale of Goods and Services				
2,824	2,424	Balance at 1 July	2,824	2,424
(52)	0	Amounts written off during the year	(52)	0
0	0	Amounts recovered during the year	0	0
<u>725</u>	<u>400</u>	Increase/(decrease) in allowance recognised in	<u>725</u>	<u>400</u>
<u>3,497</u>	<u>2,824</u>	Result for the year	<u>3,497</u>	<u>2,824</u>
		Balance at 30 June		
(c) Movement in the allowance for impairment				
Other Debtors				
404	764	Balance at 1 July	404	764
(212)	0	Amounts written off during the year	(212)	0
0	0	Amounts recovered during the year	0	0
<u>511</u>	<u>(360)</u>	Increase/(decrease) in allowance recognised in	<u>511</u>	<u>(360)</u>
<u>703</u>	<u>404</u>	Result for the year	<u>703</u>	<u>404</u>
		Balance at 30 June		
<u>4,200</u>	<u>3,228</u>		<u>4,200</u>	<u>3,228</u>

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		Non Current		
		(a) Sale of Goods and Services		
		Patient Fees		
850	818		850	818
850	818	Sub Total	850	818
129	653	Less Allowance for impairment	129	653
721	165	Sub Total	721	165
0	247	Prepayments	0	247
721	412	Total	721	412
		(b) Movement in the allowance for impairment		
		Sale of Goods and Services		
		Balance at 1 July	496	496
496	496	Amounts written off during the year	(878)	0
(878)	0	Amounts recovered during the year	0	0
0	0	Increase/(decrease) in allowance recognised in		
		Result for the year	511	0
511	0	Balance at 30 June	129	496
129	496		129	496
		(c) Movement in the allowance for impairment		
		Other Debtors		
		Balance at 1 July	157	157
157	157	Amounts written off during the year	(157)	0
(157)	0	Amounts recovered during the year	0	0
0	0	Increase/(decrease) in allowance recognised in		
		Result for the year	0	0
0	0	Balance at 30 June	0	157
0	157		0	157
129	653		129	653
		(d) Sale of Goods and Services Receivables include:		
		Patient Fees - Compensable	387	1,256
387	1,256	Patient Fees - Ineligible	5,238	4,534
5,238	4,534	Patient Fees - Other	9,291	7,339
9,291	7,339		14,916	13,129
14,916	13,129	Total	14,916	13,129

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 40

20. Inventories

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		Current - at cost (held for Distribution)		
		Drugs	6,690	6,005
6,690	6,005	Medical and Surgical Supplies	11,116	8,790
11,116	8,790	Food and Hotel Supplies	52	261
52	261	Other including Goods in Transit	2,445	3,677
2,445	3,677	Total	20,303	18,733
20,303	18,733		20,303	18,733

21. Financial Assets at Fair Value

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		Current		
		Treasury Corporation - Hour Glass Investment Facilities	79,860	82,945
79,860	82,945		79,860	82,945
79,860	82,945	Total	79,860	82,945

Refer note 40 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
22. Property, Plant and Equipment				
		Land and Buildings - fair value		
1,862,287	1,912,922	Gross Carrying Amount	1,862,287	1,912,922
<u>672,113</u>	<u>678,562</u>	Less Accumulated depreciation and impairment	<u>672,113</u>	<u>678,562</u>
<u>1,190,174</u>	<u>1,234,360</u>	Net Carrying Amount	<u>1,190,174</u>	<u>1,234,360</u>
		Plant and Equipment - fair value		
226,677	214,814	Gross Carrying Amount	226,677	214,814
<u>128,765</u>	<u>132,361</u>	Less Accumulated depreciation and impairment	<u>128,765</u>	<u>132,361</u>
<u>97,912</u>	<u>82,453</u>	Net Carrying Amount	<u>97,912</u>	<u>82,453</u>
		Infrastructure Systems - fair value		
217,260	222,535	Gross Carrying Amount	217,260	222,535
<u>89,779</u>	<u>86,843</u>	Less Accumulated depreciation and impairment	<u>89,779</u>	<u>86,843</u>
<u>127,481</u>	<u>135,692</u>	Net Carrying Amount	<u>127,481</u>	<u>135,692</u>
		Total Property, Plant and Equipment		
<u>1,415,567</u>	<u>1,452,505</u>	At Net Carrying Amount	<u>1,415,567</u>	<u>1,452,505</u>

PARENT AND CONSOLIDATION

22. Property, Plant and Equipment - Reconciliations

	Land \$000	Buildings \$000	Work in Progress \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2009						
Net Carrying amount at start of year	221,835	993,151	19,374	82,453	135,692	1,452,505
Additions		1,161	8,422	34,277		43,860
Reclassifications		23,590	(23,590)			0
Reclassifications to Intangibles						
Adjustments						
Recognition of Assets Held for Sale	1,300					1,861
Disposals		(4,682)		(1,731)		(6,413)
Administrative restructures - transfers in/(out)				(1,524)		(1,524)
Net revaluation increment less revaluation decrements recognised in reserves.		(10,960)			(2,911)	(13,871)
Depreciation expense		(39,988)		(15,563)	(5,300)	(60,851)
Carrying amount at end of year	223,135	962,833	4,206	97,912	127,481	1,415,567

	Land \$000	Buildings \$000	Work in Progress \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2008						
Net Carrying amount at start of year	191,990	980,026	5,513	88,019	165,551	1,431,099
Additions	3,900	3,465	16,485	19,011		42,861
Reclassifications		6,969	(2,624)	(4,345)		0
Reclassifications to Intangibles				(2,409)		(2,409)
Adjustments						
Recognition of Assets Held for Sale	(1,300)	(561)				(1,861)
Disposals				(1,726)		(1,726)
Administrative restructures - transfers in/(out)						
Net revaluation increment less revaluation decrements recognised in reserves.	27,245	45,018			(24,296)	47,967
Depreciation expense		(41,766)		(16,097)	(5,563)	(63,426)
Carrying amount at end of year	221,835	993,151	19,374	82,453	135,692	1,452,505

(i) Land and Buildings include land owned by the Health Administration Corporation and administered by the South Eastern Sydney and Illawarra Area Health Service [see note 2(g)].

(ii) Land and Buildings were valued by CB Richard Ellis (AAPI qualified) on 1 July 2007 [see note 2(j)].
CB Richard Ellis is not an employee of the South Eastern Sydney and Illawarra Area Health Service.

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
23. Intangible Assets				
		Software		
2,409	2,409	Cost (Gross Carrying Amount)	2,409	2,409
1,927	1,445	Less Accumulated Amortisation and Impairment	1,927	1,445
<u>482</u>	<u>964</u>	Total Intangible Assets at Net Carrying Amount	<u>482</u>	<u>964</u>

PARENT AND CONSOLIDATION

23. Intangibles - Reconciliation

	Software	Other	Total
	\$000	\$000	\$000
2009			
Net Carrying amount at start of year	964	0	964
Additions (from internal development or acquired separately)			
Reclassifications from Plant & Equipment			
Assets held for sale			
Impairment losses			
Amortisation (recognised in depreciation and amortisation)	(482)		(482)
Net Carrying amount at end of year	482	0	482

	Software	Other	Total
	\$000	\$000	\$000
2008			
Net Carrying amount at start of year	0	0	0
Additions (from internal development or acquired separately)			
Reclassifications from Plant & Equipment	2,409		2,409
Assets held for sale			
Impairment losses			
Amortisation (recognised in depreciation and amortisation)	(1,445)		(1,445)
Net Carrying amount at end of year	964	0	964

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
24. Non Current Assets - Other				
		Non Current		
<u>16,525</u>	<u>14,664</u>	Emerging Rights to Assets (refer Note 2ac)	<u>16,525</u>	<u>14,664</u>
<u>16,525</u>	<u>14,664</u>	Total	<u>16,525</u>	<u>14,664</u>
25. Non Current Assets held for sale				
		Assets held for sale		
<u>486</u>	<u>2,347</u>	Land and Buildings	<u>486</u>	<u>2,347</u>
<u>486</u>	<u>2,347</u>	Total	<u>486</u>	<u>2,347</u>
Amounts recognised in equity relating to assets held for sale				
<u>(57)</u>	<u>390</u>	Available for sale financial asset revaluation increments/decrements	<u>(57)</u>	<u>390</u>
<u>(57)</u>	<u>390</u>	Total	<u>(57)</u>	<u>390</u>

The South Eastern Sydney and Illawarra Area Health Service has identified one (1) property, being 9 St George Road Bexley, as being available for sale in 2009/10 as it is surplus to requirements.

26. Restricted Assets

The South Eastern Sydney and Illawarra Area Health Service's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

		Category		
48,451	53,520	Specific Purposes	48,451	53,520
16,214	20,672	Research Grants	16,214	20,672
<u>33,461</u>	<u>29,548</u>	Private Practice Funds	<u>33,461</u>	<u>29,548</u>
<u>98,126</u>	<u>103,740</u>	Total	<u>98,126</u>	<u>103,740</u>

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
27. Payables				
		Current		
0	0	Accrued Salaries and Wages	33,334	31,285
0	0	Payroll Deductions	693	80
1,748	2,140	GST	1,748	2,140
398	588	FBT	398	588
9,091	9,304	PAYG	9,091	9,304
34,027	31,365	Accrued Liability - Purchase of Personnel Services		
103,694	107,391	Trade Creditors	103,694	107,391
		Other Creditors		
8,292	7,458	- Capital Works	8,292	7,458
1,433	3,595	- Capital Acquisitions	1,433	3,595
4,865	8,127	- Intra Health Liability	4,865	8,127
5	1,081	- Contracted Patient Services	5	1,081
3,976	2,186	- Other	3,976	2,186
<u>167,529</u>	<u>173,235</u>	Total	<u>167,529</u>	<u>173,235</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

28. Borrowings				
		Current		
6,290	4,069	Other Loans and Deposits	6,290	4,069
<u>6,290</u>	<u>4,069</u>	Total	<u>6,290</u>	<u>4,069</u>
		Non Current		
10,496	4,168	Other Loans and Deposits	10,496	4,168
<u>10,496</u>	<u>4,168</u>	Total	<u>10,496</u>	<u>4,168</u>

Other loans still to be extinguished represent monies of \$10.765M to be repaid to the NSW Health Department. Final repayment is scheduled for 2013/2014. Loans of \$6.021M are owed to Health Support Services where final repayment is scheduled for 2015/2016.

		Repayment of Borrowings (excluding Finance Leases)		
6,290	4,069	Not later than one year	6,290	4,069
8,732	4,149	Between one and five years	8,732	4,149
1,764	19	Later than five years	1,764	19
<u>16,786</u>	<u>8,237</u>	Total Borrowings at face value (excluding Finance Leases)	<u>16,786</u>	<u>8,237</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
29. Provisions				
Current Employee benefits and related on-costs				
0	0	Annual Leave - Short Term Benefit	96,774	89,585
0	0	Annual Leave - Long Term Benefit	88,792	79,825
0	0	Long Service Leave - Short Term Benefit	22,422	18,476
0	0	Long Service Leave - Long Term Benefit	190,342	175,586
398,330	363,472	Provision for Personnel Services Liability	0	0
<u>398,330</u>	<u>363,472</u>	Total Current Provisions	<u>398,330</u>	<u>363,472</u>
Non Current Employee benefits and related on-costs				
0	0	Long Service Leave - Conditional	9,479	8,560
9,479	8,560	Provision for Personnel Services Liability	0	0
<u>9,479</u>	<u>8,560</u>	Total Non Current Provisions	<u>9,479</u>	<u>8,560</u>
Aggregate Employee Benefits and Related On-costs				
0	0	Provisions - current	398,330	363,472
0	0	Provisions - non-current	9,479	8,560
0	0	Accrued Salaries and Wages and on costs (Note 27)	34,027	31,365
441,836	403,397	Accrued Liability - Purchase of Personnel Services (Note 27)	0	0
<u>441,836</u>	<u>403,397</u>		<u>441,836</u>	<u>403,397</u>
30. Other Liabilities				
Current				
1,617	1,619	Income in Advance	1,617	1,619
<u>1,617</u>	<u>1,619</u>		<u>1,617</u>	<u>1,619</u>
Non Current				
15,329	16,530	Income in Advance	15,329	16,530
0	46	Other	0	46
<u>15,329</u>	<u>16,576</u>		<u>15,329</u>	<u>16,576</u>

In July 1995, \$5.5m was received as income in advance from IPG under the terms of contract to operate a car park facility at the Sydney Hospital Campus for 25 years.

In July 1997, \$5m was received as income in advance from HCOA under the terms of contract to provide and operate a private hospital at the Randwick Hospital Campus for 40 years.

In July 1998, \$18.5m was received as income in advance from IPG under the terms of contract to operate a car park facility at the Randwick Hospital Campus for 25 years.

In June 1999, \$4.54m was received as income in advance from IPG under the terms of contract to operate a car park facility at the St George Hospital Campus for 25 years.

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31. PARENT AND CONSOLIDATION

Equity	Accumulated Funds		Asset Revaluation Reserve		Available for Sale Reserves		Total Equity	
	2009	2008	2009	2008	2009	2008	2009	2008
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at the beginning of the financial year	779,316	844,638	291,908	244,208	390	123	1,071,614	1,088,969
Restated Opening Balance	779,316	844,638	291,908	244,208	390	123	1,071,614	1,088,969
Changes in equity - transactions with owners as owners	(1,203)	0	0	0	0	0	(1,203)	0
Increase/(Decrease) in Net Assets from Administrative Restructure 1.	778,113	844,638	291,908	244,208	390	123	1,070,411	1,088,969
Total	778,113	844,638	291,908	244,208	390	123	1,070,411	1,088,969
Changes in equity - other than transactions with owners as owners	(64,818)	(65,322)	0	0	0	0	(64,818)	(65,322)
Result for the year	1,832	0	(12,792)	72,263	0	0	(10,960)	72,263
Increment/(Decrement) on Revaluation of: Land and Buildings	0	0	(2,911)	(24,296)	0	0	(2,911)	(24,296)
Infrastructure Systems	0	0	447	(267)	(447)	267	0	0
Increment/(Decrement) on Revaluation of: Available for sale financial assets	0	0	0	0	0	0	0	0
Transfer to Result for Year on disposal of available for sale financial assets	(62,986)	(65,322)	(15,256)	47,700	(447)	267	(78,689)	(17,355)
Total	715,127	779,316	276,652	291,908	(57)	390	991,722	1,071,614
Transfers within equity								
Asset revaluation reserve balances transferred to accumulated funds on disposal of asset	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets. This accords with the South Eastern Sydney and Illawarra Area Health Service's policy on the "Revaluation of Physical Non Current Assets" and "Investments", as discussed in Note 2(i).

1. The Food Services Business Unit was transferred from the Health Service to Health Support Services, with effect from 1 December 2008. Net assets transferred relate to Inventory \$0.434M, Plant and Equipment \$1.424M and the actuarial adjustment of \$0.755M for leave liabilities. The net effect of these transfers is \$1.203M (refer above)

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
32. Commitments for Expenditure				
(a) Capital Commitments				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date but not provided for:				
11,127	26,440	Not later than one year	11,127	26,440
<u>550</u>	<u>13,659</u>	Later than one year and not later than five years	<u>550</u>	<u>13,659</u>
<u>11,677</u>	<u>40,099</u>	Total Capital Expenditure Commitments (including GST)	<u>11,677</u>	<u>40,099</u>
Of the commitments reported at 30 June 2009 it is expected that \$1.809m will be met from locally generated moneys.				
(b) Other Expenditure Commitments				
Aggregate other expenditure contracted for the acquisition of goods and services contracted for at balance date but not provided for :				
56,226	46,111	Not later than one year	56,226	46,111
<u>6,080</u>	<u>7,837</u>	Later than one year and not later than five years	<u>6,080</u>	<u>7,837</u>
<u>62,306</u>	<u>53,948</u>	Total Other Expenditure Commitments (including GST)	<u>62,306</u>	<u>53,948</u>
Other expenditure commitments above are for purchase orders, and NGO payments.				
(c) Operating Lease Commitments				
Commitments in relation to non-cancellable operating leases are payable as follows:				
8,805	7,988	Not later than one year	8,805	7,988
10,639	10,000	Later than one year and not later than five years	10,639	10,000
<u>681</u>	<u>408</u>	Later than five years	<u>681</u>	<u>408</u>
<u>20,125</u>	<u>18,396</u>	Total Operating Lease Commitments (including GST)	<u>20,125</u>	<u>18,396</u>
The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.				
(d) Contingent Asset related to Commitments for Expenditure				
The total of "Commitments for Expenditure" above, i.e. \$94.108 million as at 30 June 2009 includes input tax credits of \$8.555 million that are expected to be recoverable from the Australian Taxation Office.				
(e) Commitment Note, Health Support Services				
The NSW Department of Health 's policy is to progressively centralise operational functions within the Health Administration Corporation (HAC). As a result, the Service has outsourced its general ledger processing, procurements, payables, payroll, linen and food services to Health Support Services (HSS), a division of Health Administration Corporation. Service Level Agreements have been signed for the respective functions.				
The amount payable to HSS in any year is determined using a number of criteria, including the level of activity and full cost recovery by HSS. A commitment figure cannot be readily determined and has not been included within the commitments above. The Service paid \$33.2M to HSS in the 2008/09 year."				

South Eastern Sydney and Illawarra Area Health Service
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PARENT AND CONSOLIDATION

33. Trust Funds

The Health Service holds trust fund moneys of \$6.525 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the South Eastern Sydney and Illawarra Area Health Service cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial reporting period	463	474	209	215	5,797	5,402	6,469	6,091
Receipts	1,141	1,076	40	18	59,280	53,325	60,461	54,419
Expenditure	(1,120)	(1,087)	(34)	(24)	(59,251)	(52,930)	(60,405)	(54,041)
Cash Balance at the end of the financial reporting period	484	463	215	209	5,826	5,797	6,525	6,469

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PARENT AND CONSOLIDATED

34 Contingent Liabilities

a) Claims on Managed Fund

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

b) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2002/03 fund year and an interim adjustment for the 2004/05 fund year were not calculated until 2008/09. As a result, the 2003/04 final and 2005/06 interim hindsight calculations will be paid in 2009/10.

c) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB127, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the Department's consolidated Financial Statements to the extent of cash payments made.

However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the Department.

South Eastern Sydney and Illawarra Area Health Service
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
35. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services				
26,625	45,250	Net Cash Inflows from Operating Activities	26,625	45,250
(61,333)	(64,871)	Depreciation	(61,333)	(64,871)
(448)	(40)	Provision for Doubtful Debts	(448)	(40)
(23,947)	(24,052)	Acceptance by the Crown Entity of Employee Superannuation Benefits	(23,947)	(24,052)
3,020	1,745	Donated Assets	3,020	1,745
0	6,400	Property not previously brought to account	0	6,400
(35,777)	(14,086)	(Increase)/ Decrease in Provisions	(35,777)	(14,086)
(4,116)	(486)	(Increase) / Decrease in Goods and Services Debtors	(4,116)	(486)
(1,113)	108	(Increase) / Decrease in Debtors Expense Recovery	(1,113)	108
4,970	(2,149)	(Increase) / Decrease in Other Debtors	4,970	(2,149)
343	1,711	Increase / (Decrease) in Prepayments and Other Assets	343	1,711
1,570	(166)	Increase / (Decrease) in Inventory	1,570	(166)
1,249	1,959	Increase / (Decrease) in Income in Advance	1,249	1,959
(34,355)	21,514	(Increase) / Decrease in Salary Accruals	(34,355)	21,514
40,061	(63,779)	(Increase)/ Decrease in Creditors	40,061	(63,779)
(5,193)	(585)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(5,193)	(585)
(1,660,015)	(1,560,962)	(NSW Health Department Recurrent Allocations)	(1,660,015)	(1,560,962)
(18,885)	(16,079)	(NSW Health Department Capital Allocations)	(18,885)	(16,079)
(321)	0	Net transfer to Health Support Services	(321)	0
<u>(1,767,665)</u>	<u>(1,668,569)</u>	Net Cost of Services	<u>(1,767,665)</u>	<u>(1,668,569)</u>

36. Non Cash Financing and Investing Activities

<u>3,020</u>	<u>1,745</u>	Assets Received by Donation	<u>3,020</u>	<u>1,745</u>
<u>3,020</u>	<u>1,745</u>		<u>3,020</u>	<u>1,745</u>

37. 2008/09 Voluntary Services

It is considered impracticable to quantify the monetary value of voluntary services provided to South Eastern Sydney and Illawarra Area Health Service. Services provided include:

- | | |
|------------------------------------|--|
| . Chaplaincies and Pastoral Care | - Patient & Family Support |
| . Pink Ladies/Hospital Auxiliaries | - Patient Services, Fund Raising |
| . Patient Support Groups | - Practical Support to Patients and Relatives |
| . Community Organisations | - Counselling, Health Education, Transport, Home Help & Patient Activities |

South Eastern Sydney and Illawarra Area Health Service
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PARENT AND CONSOLIDATION

38. Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended.

All money and personal effects of patients which are left in the custody of South Eastern Sydney and Illawarra Area Health Service by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of South Eastern Sydney and Illawarra Area Health Service.

All such money and the proceeds of the realisation of any personal effects are lodged to the credit of the Samaritan Fund which is used specifically for the benefit of necessitous patients or necessitous outgoing patients.

39. Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services was higher than budget by \$13.090m (0.01%) (Consolidated only). This was mainly due to staffing being above affordable levels during the year, combined with a budget shortfall to fund the year end actuarial adjustment. Expenditure on consumables such as medical and surgical supplies and drugs exceeded budget, mainly due to price increases, particularly for imported supplies that were affected by the global financial crisis. This was partly offset by patient fees exceeding budget due to increased chargeable bed days, other revenue exceeding budget, and a decline in investment revenue also due to the global financial crisis.

Result for the Year

The result for the year from ordinary activities was higher than budget by \$23.357m. This was mainly due to the Net Cost of Services unfavourability (refer above) and delays in capital projects resulting in capital allocations totalling \$11.585m not required for the year.

Assets and Liabilities

Current Assets

The variance of \$8.005m (5.0%) above budget was mainly due to cash held in the Special Purpose Fund not invested in Financial Assets, and Intra Health debtors of \$7.504m not settled at balance date.

Non-Current Assets

The variance of \$28.268m (1.9%) below budget was mainly due to unbudgeted adjustments to property and infrastructure valuations, and plant and equipment expenditure, particularly in capital projects, not meeting budget.

Current Liabilities

The variance of \$19.772m (3.6%) is mainly due to Payables \$31.747m exceeding budget, offset by Provisions \$9.755m being lower than budget. The Payables variance was mainly due to the Health Service not achieving budgeted savings strategies.

Non-Current Liabilities

Non current liabilities was \$0.847m (2.3%) below budget.

Cash Flows

Operating Activities

Cash inflows from operating activities were \$20.301m lower than budget. This was mainly due to capital projects not progressing at budgeted levels.

Investing Activities

Cash outflows from investing activities were \$26.047m lower than budget. This was mainly due to delays in several capital projects.

Financing Activities

Cash outflows from financing activities were \$2.207m lower than budget.

South Eastern Sydney and Illawarra Area Health Service
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Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation in June 2008 are as follows:

	\$000
Initial Allocation	1,705,340
Award Increases	63,601
Aboriginal Health Funding	730
Rural Doctors	191
Superannuation Adjustments	413
Mental Health Services	4,019
Provision of Cash Advance	(9,400)
Australia Better Health Initiative	70
DVA Innovative Funding Projects	162
Non Government Organisations	(113)
St Vincents Community Outreach Medical Emergency	150
Magistrates Early Referral Into Treatment (MERIT)	1,990
Adult Genetics Services/Adult Intensive Care Bed	1,010
Revised Commonwealth Elective Surgery Equip	(4,665)
TMF Allocation Adjustment	(4,355)
Wollongong Hospital MRI	(750)
National Women's Program Funding	715
Diagnosis & Investigation Laboratory Serv	365
Nurse/Midwife Strategy Allocation	4,005
PADP Funding	836
General Liquidity Assistance	24,400
AIDS Funding	2,207
Rural Stroke and Rehabilitation Services	158
Statewide Clinical Leadership Program	129
NGO Innovative Health Services for Homeless Youths	491
Workforce Development and Leadership Project	175
CALD Funding	85
Adjust ICT Operating Leases	(377)
Joint Investigation Response Trial	347
Graduate Radiation Therapists	393
Biopreparedness Officers in Health Services	100
St Vincents Heart Lung Transplant	5,138
Clinical Services Redesign Stage 2	240
Drug & Alcohol Funding	396
Vaccination Programs	219
Aged Care Assessment & Dementia Support	266
Efficiency Dividend & Wages Offsets	12,034
2008/09 Financial Assistance	4,489
HACC Funding	372
2008/09 Mini Budget Wages Offset Requirements	1,379
COAG IDNS Needle & Syringe Program	304
VMO Supplementation SESS, FFS & Rural Doctors	1,173
Blood & Marrow Translation Services	372
Supplementary Funding for 2008/09	236
Transfer of Medical Retrieval Unit	(1,396)
Highly Specialised Drugs	9,459
Special Projects Rollover 0708	(650)
2008/09 Compacts Funding	303
Child Health Network Projects 0809 Enhancement	284
Enable Artificial Limbs Spinal Setup	(6,269)
NSW ECMO Medical Retrieval Service	372
NSW Complex Epilepsy Service	242
Low Dose Rate Brachytherapy St George Hospital	101
NSW Organ and Tissue Donation Service	200
Transition Services metabolic Genetics 0809	(110)
NSW Childrens Home Ventilation Program	143
Adj to IDNS, Aids Ngo and AIDS program funding	(2,418)
SASS/SSS Super Expense to Super Guarantee Charge	160
Inter Area Patient Flows	(182,171)
TMF Workers Comp & Mveh Health Support Adjustment	886
Cash Advance	6,356
Voluntary Redundancy Funding 0809	9,331
Creditor Management Funding	5,512
Service Enhancements	640
Balance as per Operating Statement	<u>1,660,015</u>

South Eastern Sydney and Illawarra Area Health Service
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40. Financial Instruments

The South Eastern Sydney and Illawarra Area Health Service's principal financial instruments are outlined below. These financial instruments arise directly from the Health Service's operations or are required to finance its operations. The South Eastern Sydney and Illawarra Area Health Service does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The South Eastern Sydney and Illawarra Area Health Service's main risks arising from financial instruments are outlined below, together with the Service's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the South Eastern Sydney and Illawarra Area Health Service, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors on a continuous basis.

a) Financial Instrument Categories

PARENT and CONSOLIDATION

		Total carrying amounts as per the Balance Sheet	
		2009	2008
		\$000	\$000
Financial Assets			
Class:		Category	
Cash and Cash Equivalents (note 18)		18,185	19,546
Receivables (note 19) ¹	Receivables (at amortised cost)	36,846	35,374
Financial Assets at Fair Value (note 21)	At fair value through profit or loss	79,860	82,945
Total Financial Assets		<u>134,891</u>	<u>137,865</u>
Financial Liabilities			
Class:		Category	
Borrowings (Note 28)	Financial liabilities measured	16,786	8,237
Payables (Note 27) ²	measured at amortised	167,529	173,235
Other (Note 30)	cost.	16,946	18,195
Total Financial Liabilities		<u>201,261</u>	<u>199,667</u>

Notes

- ¹ Excludes statutory receivables and prepayments (ie not within scope of AASB 7)
² Excludes unearned revenue (ie not within scope of AASB 7)

b) Credit Risk

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

Credit risk arises from financial assets of the South Eastern Sydney and Illawarra Area Health Service; i.e receivables. No collateral is held by the South Eastern Sydney and Illawarra Area Health Service, nor has it granted any financial guarantees.

Credit risk associated with the South Eastern Sydney and Illawarra Area Health Services's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

South Eastern Sydney and Illawarra Area Health Service deposits held with NSW Tcorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.07% in 2008/09 compared to 6.71% in the previous year. The Tcorp Hour Glass cash facility is discussed in paragraph (d) below.

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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Receivables - trade debtors

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

The South Eastern Sydney and Illawarra Area Health Service is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: \$27.436m; 2008: \$11.170m) and not more than [3] months past due (2009: \$4.882m; 2008: \$17.872m) are not considered impaired and together these represent 78.5% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the South Eastern Sydney and Illawarra Area Health Services' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have not been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

		\$000	\$000
2009	Total	Past due but not impaired	Considered impaired
<3 months overdue	32,492	32,318	174
3 months - 6 months overdue	2,254	1,375	879
> 6 months overdue	6,429	3,152	3,277
2008			
<3 months overdue	29,228	29,042	186
3 months - 6 months overdue	3,214	2,574	640
> 6 months overdue	6,813	3,758	3,055

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

Authority Deposits

The South Eastern Sydney and Illawarra Area Health Service has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits vary. The deposits at balance date were earning an average interest rate of -2.69% (2008:- 3.92 %), while over the year the weighted average interest rate was -2.67% (2008:- 1.32%) on a weighted average balance during the year of \$89.105m (2008: \$90.683m). None of these assets is past due or impaired.

c) Liquidity risk

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

The South Eastern Sydney and Illawarra Area Health Service has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

During the current and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The South Eastern Sydney and Illawarra Area Health Service's exposure to liquidity risk is considered significant. However the risk is minimised as the NSW Department of Health has indicated its ongoing financial support for the South Eastern Sydney and Illawarra Area Health Service. (refer note 2)

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

In those instances where settlement cannot be effected in accordance with the above, eg due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated which are advantageous to both parties.

The table below summarises the maturity profile of the South Eastern Sydney and Illawarra Area Health Service's financial liabilities together with the interest rate exposure.

South Eastern Sydney and Illawarra Area Health Service
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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			Weighted Average Effective interest rate	
	Fixed Interest Rate	Variable Interest Rate	Nominal Amount	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr		> 5Yr
	%	%	\$000	\$000	\$000	\$000	\$000		\$000
2009									
Payables:									
Accrued salaries			33,334		33,334	33,334			
Wages and payroll deductions			693		693	693			
Creditors			133,502		133,502	133,502			
Borrowings:									
Non-Interest loans			6,884		6,884	1,039	3,975	1,870	
Other Loans and Deposits	5.7% to 7.45%		10,765		5,442	5,442	5,323	6.75	
			185,178	0	174,413	174,010	9,298	1,870	
2008									
Payables:									
Accrued salaries			31,285		31,285	31,285			
Wages and payroll deductions			80		80	80			
Creditors			141,870		141,870	141,870			
Borrowings:									
Non-Interest loans			417		417	104	313		
Other Loans and Deposits	5.7% to 7.45%		7,889		3,964	3,964	3,905	19	
			181,541	0	173,652	177,303	4,218	19	

Notes:

¹The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above will not reconcile to the balance sheet in respect of non interest bearing loans negotiated with the NSW Department of Health.

South Eastern Sydney and Illawarra Area Health Service
Notes to and forming part of the Financial Statements
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d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the South Eastern Sydney and Illawarra Area Health Service operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the South Eastern Sydney and Illawarra Area Health Service's interest bearing liabilities.

However, Health Services are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted). Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. For financial instruments a reasonably possible change of +/-1% is consistent with trends in interest. The South Eastern Sydney and Illawarra Area Health Service's exposure to interest rate risk is set out below.

\$'000

	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
2009					
Financial assets					
Cash and cash equivalents	18,185	(182)	(182)	182	182
Receivables	36,846				
Financial assets at fair value	79,860	(799)	(799)	799	799
Financial liabilities					
Payables	167,529				
Borrowings	16,786	(168)	(168)	168	168
2008					
Financial assets					
Cash and cash equivalents	19,546	(195)	(195)	195	195
Receivables	35,374				
Financial assets at fair value	82,945	(829)	(829)	829	829
Financial liabilities					
Payables	173,235				
Borrowings	8,237	(82)	(82)	82	82

South Eastern Sydney and Illawarra Area Health Service
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Other price risk - TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The South Eastern Sydney and Illawarra Area Health Service holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment horizon	2009 \$'000	2008 \$'000
Cash facility	Cash, money market instruments	Up to 2 years	6,905	10,398
Bond market facility	Cash, money market instruments, Australian bonds	2 years to 4 years	13,586	12,842
Medium term growth facility	Cash, money market instrument, Australian and international bonds, listed property, Australian and International shares	4 years to 7 years	34,789	34,679
Long term growth facility	Cash, money market instruments, Australian and International bonds listed property, Australian and International shares	7 years and over	31,485	35,424

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

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

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

**South Eastern Sydney and Illawarra Area Health Service
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NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information. The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

	Change in unit price	Impact on profit/loss	
		2009 \$'000	2008 \$'000
Hour Glass Investment - Cash facility	+/- 1%	69	104
Hour Glass Investment - Bond market facility	+/- 5%	679	642
Hour Glass Investment - Medium term growth facility	+/- 7%	2,435	2,601
Hour glass Investment - Long term growth facility	+/- 15%	4,723	5,314

A reasonable possible change is based on the percentage change in unit price multiplied by the redemption price as at 30 June each year for each facility (as advised by TCorp).

e) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on the South Eastern Sydney and Illawarra Area Health Service's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value because of the short term nature of many of the financial instruments.

41. Post Balance Date Events

No after balance date event has come to the attention of management.

END OF AUDITED FINANCIAL STATEMENTS

