



INDEPENDENT AUDITOR'S REPORT

South Eastern Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the South Eastern Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 2012, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, statement of financial position and statement of cash flows.

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe 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 District or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 roles by the possibility of losing clients or income.



Peter Coulogeorgiou
Director, Financial Audit Services

12 October 2012
SYDNEY

**South Eastern Sydney Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2012**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that in my opinion:

- 1) The financial statements have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the South Eastern Sydney Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.

I further state the financial statements have been prepared in accordance with the NSW Ministry of Health's Accounts and Audit Determination for Public Health Organisations.



Terry Clout

Chief Executive Officer

8th October 2012

South Eastern Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2012

PARENT							CONSOLIDATION		
Actual	Budget Unaudited	Actual Six months ended		Notes	Actual	Budget Unaudited	Actual Six months ended		
2012	2012	30 June 2011			2012	2012	30 June 2011		
\$000	\$000	\$000			\$000	\$000	\$000		
Expenses excluding losses									
Operating Expenses									
0	0	0	Employee Related	3	909,752	933,154	396,934		
909,752	933,154	396,934	Personnel Services	4	0	0	0		
38,231	38,769	18,092	Visiting Medical Officers		38,231	38,769	18,092		
396,356	351,801	199,249	Other Operating Expenses	5	396,356	351,801	199,249		
48,447	50,754	21,252	Depreciation and Amortisation	2(i), 6	48,447	50,754	21,252		
10,289	15,830	1,215	Grants and Subsidies	7	10,289	15,830	1,215		
65	198	10	Finance Costs	8	65	198	10		
31,658	31,795	15,956	Payments to Affiliated Health Organisations	9	31,658	31,795	15,956		
0	0	0	Other Expenses	10	0	0	0		
1,434,798	1,422,301	652,708	Total Expenses excluding losses		1,434,798	1,422,301	652,708		
Revenue									
1,072,346	1,058,255	479,952	NSW Ministry of Health Recurrent Allocations	2(d)	1,072,346	1,058,255	479,952		
27,250	31,868	9,544	NSW Ministry of Health Capital Allocations	2(d)	27,250	31,868	9,544		
0	0	0	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii),14	54,753	59,828	20,137		
235,754	232,375	90,537	Sale of Goods and Services	11	235,754	232,375	90,537		
2,595	7,677	4,681	Investment Revenue	12	2,595	7,677	4,681		
83,195	86,330	27,826	Grants and Contributions	13	28,442	26,502	7,689		
14,796	13,076	8,048	Other Revenue	15	14,796	13,076	5,111		
1,435,936	1,429,581	620,588	Total Revenue		1,435,936	1,429,581	617,651		
(398)	(600)	12	Gain / (Loss) on Disposal	16	(398)	(600)	12		
(1,886)	(1,924)	(355)	Other Gains / (Losses)	17	(1,886)	(1,924)	(355)		
(1,146)	4,756	(32,463)	Net Result	37	(1,146)	4,756	(35,400)		
Other Comprehensive Income									
Net Increase/(Decrease) in Property, Plant & Equipment									
17,886	0	0	Asset Revaluation Surplus		17,886	0	0		
17,886	0	0	Total Other Comprehensive Income for the year		17,886	0	0		
16,740	4,756	(32,463)	TOTAL COMPREHENSIVE INCOME		16,740	4,756	(35,400)		

The accompanying notes form part of these financial statements.

South Eastern Sydney Local Health District
Statement of Financial Position as at 30 June 2012

PARENT							CONSOLIDATION		
Actual	Budget Unaudited	Actual				Actual	Budget Unaudited	Actual	
2012	2012	2011				2012	2012	2011	
\$000	\$000	\$000				\$000	\$000	\$000	
ASSETS									
Current Assets									
80,940	48,221	7,609	Cash and Cash Equivalents	20	80,940	48,221	7,609		
67,063	120,356	62,643	Receivables	21	67,063	120,356	62,643		
12,197	12,527	11,403	Inventories	22	12,197	12,527	11,403		
15,739	67,881	66,281	Financial Assets at Fair Value	23	15,739	67,881	68,281		
0	0	0	Other Financial Assets	24	0	0	0		
0	25,291	0	Other	27	0	25,291	0		
175,939	274,276	149,936				175,939	274,276	149,936	
2,272	4,280	2,449	Assets Held for Sale	28	2,272	4,280	2,449		
178,211	278,556	152,385	Total Current Assets		178,211	278,556	152,385		
Non-Current Assets									
Property, Plant and Equipment									
829,192	814,624	826,269	- Land and Buildings	25	829,192	814,624	826,269		
71,496	72,871	52,202	- Plant and Equipment	25	71,496	72,871	52,202		
86,055	80,254	88,431	- Infrastructure Systems	25	86,055	80,254	88,431		
986,743	967,749	966,902	Total Property, Plant and Equipment		986,743	967,749	966,902		
364	0	481	Intangible Assets	26	364	0	481		
28,588	25,938	22,522	Other	27	28,588	25,938	22,522		
1,015,695	993,687	989,905	Total Non-Current Assets		1,015,695	993,687	989,905		
1,193,906	1,272,243	1,142,290	Total Assets		1,193,906	1,272,243	1,142,290		
LIABILITIES									
Current Liabilities									
111,330	206,812	116,251	Payables	30	111,330	206,812	116,251		
0	296	104	Borrowings	31	0	296	104		
153,111	408,051	122,508	Provisions	32	153,111	408,051	122,508		
1,741	1,904	1,303	Other	33	1,741	1,904	1,303		
266,182	617,063	240,166	Total Current Liabilities		266,182	617,063	240,166		
Non-Current Liabilities									
1,483	2,282	0	Borrowings	31	1,483	2,282	0		
1,851	10,525	387	Provisions	32	1,851	10,525	387		
13,134	14,000	14,396	Other	33	13,134	14,000	14,396		
16,468	26,807	14,783	Total Non-Current Liabilities		16,468	26,807	14,783		
282,650	643,870	254,949	Total Liabilities		282,650	643,870	254,949		
911,256	628,373	887,341	Net Assets		911,255	628,373	887,341		
EQUITY									
17,746	0	0	Reserves		17,746	0	0		
893,369	628,373	887,341	Accumulated Funds		893,369	628,373	887,341		
Amounts Recognised in Equity Relating to Assets									
140	0	0	Held for Sale	28	140	0	0		
911,255	628,373	887,341	Total Equity		911,255	628,373	887,341		

The accompanying notes form part of these financial statements.

South Eastern Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2012

	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
Notes	\$000	\$000	\$000	\$000
Balance at 1 July 2011	887,341	0	0	887,341
Restated Total Equity at 1 July 2011	887,341	0	0	887,341
Net Result for the year	(1,146)	0	0	(1,146)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	0	14,703	140	14,843
Net Increase/(Decrease) in Emerging Assets	0	3,043	0	3,043
Total Other Comprehensive Income	0	17,746	140	17,886
Total Comprehensive Income for the year	(1,146)	17,746	140	16,740
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	7,174	0	0	7,174
Balance at 30 June 2012	893,369	17,746	140	911,255
Balance at 1 January 2011	0	0	0	0
Balance at 1 January 2011	0	0	0	0
Net Result for the year	(35,400)	0	0	(35,400)
Total Comprehensive Income for the year	(35,400)	0	0	(35,400)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	922,741	0	0	922,741
Balance at 30 June 2011	887,341	0	0	887,341

The accompanying notes form part of these financial statements.

**South Eastern Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget	Actual		Actual	Budget	Actual
2012	2012	Six months ended	Notes	2012	2012	Six months ended
\$000	\$000	30 June 2011		\$000	\$000	30 June 2011
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
				(844,072)	(841,883)	(384,856)
(26,155)	(15,830)	(1,336)	Employee Related	(26,155)	(15,830)	(1,336)
(65)	(198)	(10)	Grants and Subsidies	(65)	(198)	(10)
(1,337,383)	(1,165,083)	(567,126)	Finance Costs	(493,311)	(323,200)	(182,270)
			Other			
(1,363,603)	(1,181,111)	(568,472)	Total Payments	(1,363,603)	(1,181,111)	(568,472)
Receipts						
1,072,346	1,058,255	479,952	NSW Ministry of Health Recurrent Allocations	1,072,346	1,058,255	479,952
27,250	31,868	9,544	NSW Ministry of Health Capital Allocations	27,250	31,868	9,544
0	0	20,137	Cash Reimbursements from the Crown Entity	11,592	0	20,137
283,624	171,214	71,963	Sale of Goods and Services	283,624	171,214	71,963
8,672	7,677	4,680	Interest Received	8,672	7,677	4,680
39,260	24,208	0	Grants and Contributions	27,668	24,208	0
8,720	0	2,559	Other	8,720	0	2,559
1,439,872	1,293,222	588,835	Total Receipts	1,439,872	1,293,222	588,835
76,269	112,111	20,363	NET CASH FLOWS FROM OPERATING ACTIVITIES	76,269	112,111	20,363
CASH FLOWS FROM INVESTING ACTIVITIES						
4,439	0	161	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	4,439	0	161
(67,742)	(74,373)	(16,953)	Purchases of Land and Buildings, Plant and Equipment Infrastructure Systems and Intangibles	(67,742)	(74,373)	(16,953)
52,541	400	(1,450)	Purchases of Investments	52,541	400	(1,450)
(10,762)	(73,973)	(18,242)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(10,762)	(73,973)	(18,242)
CASH FLOWS FROM FINANCING ACTIVITIES						
1,379	2,474	(526)	Repayment of Borrowings and Advances	1,379	2,474	(526)
1,379	2,474	(526)	NET CASH FLOWS FROM FINANCING ACTIVITIES	1,379	2,474	(526)
66,886	40,612	1,595	NET INCREASE / (DECREASE) IN CASH	66,886	40,612	1,595
7,609	7,609	0	Opening Cash and Cash Equivalents	7,609	7,609	0
6,445	0	6,014	Cash Transferred In/(Out) as a Result of Administrative Restructuring	6,445	0	6,014
80,940	48,221	7,609	CLOSING CASH AND CASH EQUIVALENTS	80,940	48,221	7,609

The accompanying notes form part of these financial statements.

South Eastern Sydney Local Health District
Service Group Statements
for the Year Ended 30 June 2012

SESLHD EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total					
	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **		
	\$000	\$000	\$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	39,217	17,111	138,213	796	60,304	67,560	29,477	460,868	201,081	60,089	26,218	98,635	43,036	15,535	6,778	27,810	12,133	909,752	396,934							
Employee Related	1,648	780	5,808	36	2,749	2,839	1,344	19,367	9,165	2,525	1,195	4,145	1,962	653	309	1,169	552	36,231	18,092							
Visiting Medical Officers	17,086	8,599	60,216	400	30,271	29,434	14,797	200,788	100,937	26,180	13,160	42,973	21,603	6,768	3,402	12,116	6,090	396,356	199,249							
Other Operating Expenses	2,088	916	7,360	43	3,229	3,598	1,578	24,543	10,766	3,200	1,404	5,253	2,304	827	363	1,481	649	48,447	21,252							
Depreciation and Amortisation	444	52	1,563	2	185	764	90	5,211	616	680	80	1,116	132	176	21	314	37	10,289	1,215							
Grants and Subsidies	3	21	10	2	2	5	1	33	5	4	1	7	1	1	2	2	2	65	10							
Finance Costs	1,365	688	4,810	32	2,424	2,351	1,185	16,037	8,083	2,091	1,054	3,432	1,730	541	272	967	488	31,668	15,956							
Payments to Affiliated Health Organisations																										
Other Expenses	61,851	28,136	217,980	1,309	99,164	106,551	48,472	726,847	330,653	94,769	43,112	155,561	70,768	24,501	11,145	43,859	19,949	1,434,798	652,708							
Total Expenses excluding losses																										
Revenue																										
NSW Ministry of Health Recurrent Allocations ***																										
NSW Ministry of Health Capital Allocations ***																										
Asset Sale Proceeds Transferred to the NSW Ministry of Health																										
Acceptance by the Crown Entity																										
of Employee Benefits and Other Liabilities																										
Sale of Goods and Services	5,812	2,232	52,204	12	20,048	5,258	2,019	100,426	38,567	2,672	1,026	42,007	16,132	4,557	1,750	22,787	8,751	54,753	20,137							
Investment Revenue	64	115	575	1	1,037	58	104	1,106	1,994	29	53	462	834	50	90	251	453	235,754	90,537							
Grants and Contributions	701	190	6,298	4	1,703	634	171	12,116	3,275	322	87	5,068	1,370	550	149	2,749	743	2,595	4,681							
Other Revenue	365	126	3,276	2	1,128	330	114	6,303	2,170	168	58	2,636	908	286	98	1,430	492	28,442	7,689							
Total Revenue	6,942	2,663	62,353	37	23,916	6,280	2,408	119,951	46,006	3,191	1,224	50,173	19,244	5,443	2,087	27,217	10,439	1,154,349	509,633							
Gain / (Loss) on Disposal																										
Other Gains / (Losses)																										
Net Result	(54,909)	(25,473)	(155,627)	(2,842)	(75,248)	(100,271)	(46,064)	(606,896)	(284,647)	(91,578)	(41,888)	(105,388)	(51,524)	(19,058)	(9,058)	(16,642)	(9,510)	(1,146)	(35,073)							
Other Comprehensive Income																										
Increase/(Decrease) in Asset Revaluation Reserve																										
Other (SPECIFY)		1			4	2	15				2		3				1									
Total Other Comprehensive Income	0	(9)	(79)	(75)	(75)	(8)	(151)	(136)	(151)	0	(4)	(63)	(63)	(7)	(7)	0	(34)	17,886	29							
Total Comprehensive Income	(54,909)	(25,481)	(155,627)	(2,842)	(75,323)	(100,271)	(46,070)	(606,896)	(284,783)	(91,578)	(41,890)	(105,388)	(51,584)	(19,058)	(9,065)	(16,642)	(9,543)	(1,146)	(35,400)							

Service Group Statements focus on the key measures of service delivery performance.

* The purpose of each service group is summarised in Note 19.

** Comparatives for 2011 are for the six months ended 30 June 2011.

*** Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.

The Service Group Statement uses statistical data to 31 December 2011 to allocate the current period's financial information on expenses and revenue to each service group.

No changes have occurred during the period between 1 January 2012 and 30 June 2012 which would materially impact this allocation.

South Eastern Sydney Local Health District
Service Group Statements (Continued)
for the Year Ended 30 June 2012

SESLHD ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total				
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2012	2011	2012	2011		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
ASSETS																							
Current Assets																							
Cash and Cash Equivalents	3,489	328	162	15	12,297	1,156	6,011	565	41,003	3,855	5,346	503	8,776	825	1,382	130	2,474	233			80,940	7,610	
Receivables	1,653	1,544	9	8	14,850	13,871	1,496	1,397	28,567	26,685	760	710	11,949	11,162	1,296	1,211	6,483	6,065			67,063	62,643	
Inventories	526	482	24	23	1,853	1,732	906	847	6,179	5,777	806	753	1,322	1,236	208	195	373	349			12,197	11,404	
Financial Assets at Fair Value	678	2,943	32	137	2,391	10,373	1,169	5,071	7,973	34,590	1,040	4,510	1,706	7,403	269	1,166	481	2,087			15,739	68,280	
Other Financial Assets																							
Other																							
Non-Current Assets Held for Sale	98	106	5	5	345	372	169	182	1,151	1,241	150	162	246	286	39	42	69	75			2,272	2,451	
Total Current Assets	6,444	5,413	232	188	31,736	27,504	9,751	8,062	84,873	72,148	8,102	6,638	23,999	20,892	3,194	2,744	9,880	8,799			178,211	152,388	
Non-Current Assets																							
Receivables																							
Financial Assets at Fair Value																							
Other Financial Assets																							
Property, Plant and Equipment																							
- Land and Buildings	35,744	35,618	1,664	1,668	125,974	125,530	61,578	61,361	420,057	418,576	54,768	54,575	89,901	89,584	14,160	14,110	25,346	25,258			829,192	826,270	
- Plant and Equipment	3,082	2,250	143	105	10,862	7,931	5,309	3,877	36,219	26,445	4,722	3,448	7,752	5,660	1,221	891	2,186	1,596			71,496	52,203	
- Infrastructure Systems	3,710	3,812	173	177	13,074	13,435	6,391	6,567	43,594	44,798	5,684	5,841	9,330	9,588	1,470	1,510	2,629	2,703			86,065	88,431	
Intangible Assets	16	21	1	1	55	73	27	36	184	244	24	32	39	52	6	8	11	15			363	482	
Other	1,232	971	57	45	4,343	3,422	2,123	1,673	14,482	11,409	1,888	1,488	3,100	2,442	488	385	875	688			28,588	22,523	
Total Non-Current Assets	43,784	42,672	2,038	1,966	154,308	150,391	75,428	73,514	514,536	501,472	67,086	65,384	110,122	107,326	17,345	16,904	31,047	30,260			1,015,694	989,909	
TOTAL ASSETS	50,228	48,085	2,270	2,174	186,044	177,895	85,179	81,576	599,409	573,620	75,188	72,022	134,121	128,218	20,539	19,648	40,927	39,059			1,193,905	1,142,297	
LIABILITIES																							
Current Liabilities																							
Payables	4,799	5,011	223	233	16,914	17,661	8,268	8,633	56,398	58,891	7,353	7,678	12,070	12,604	1,901	1,985	3,404	3,554			111,330	116,250	
Borrowings		4				16		8		53		7			11		2	3				104	
Provisions	6,600	5,281	307	246	23,261	18,612	11,370	9,098	77,564	62,061	10,113	8,092	16,600	13,282	2,615	2,092	4,681	3,745			153,111	122,509	
Other	75	56	3	3	264	198	129	97	882	660	115	86	189	141	30	22	54	40			1,741	1,303	
Total Current Liabilities	11,474	10,352	533	482	40,439	36,487	19,767	17,836	134,844	121,665	17,581	15,863	28,859	26,038	4,546	4,101	8,139	7,342			266,182	240,166	
Non-Current Liabilities																							
Borrowings	64		3		225		110		751		98		161		25		46				1,483		
Provisions	80	17	4	1	281	59	137	29	938	196	122	26	201	42	32	7	56	12			1,851	389	
Other	566	621	26	29	1,995	2,187	975	1,069	6,653	7,293	868	951	1,424	1,561	224	246	403	443			13,134	14,400	
Total Non-Current Liabilities	710	638	33	30	2,501	2,246	1,222	1,098	8,342	7,489	1,088	977	1,786	1,603	281	253	505	455			16,468	14,789	
TOTAL LIABILITIES	12,184	10,990	566	512	42,940	38,733	20,989	18,934	143,186	129,154	18,669	16,840	30,645	27,641	4,827	4,354	8,644	7,797			282,650	254,955	
NET ASSETS	38,044	37,095	1,704	1,662	143,104	139,162	64,190	62,642	456,223	444,466	56,519	55,182	103,476	100,577	15,712	15,294	32,283	31,262			911,255	887,342	

* The name and purpose of each service group is summarised in Note 19

Assets and liabilities that are specific to service groups are allocated accordingly, e.g. Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(ae), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

1. The Reporting Entity

The South Eastern Sydney Local Health District (the District) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The District as a reporting entity comprises all the entities under its control, namely; Prince of Wales Hospital, ST George Hospital, Sutherland, Sydney & Sydney Eye Hospitals, the Royal Hospital for Women, Garrawarra Aged Care Facility, Albion Street Clinic, Kirketon Road Centre and Gower Wilson Hospital (Lord Howe Island)

The parent 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 District.

The District controls the South Eastern Sydney Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 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 District to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service division. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The District is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive on 8th October 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

The District's financial statements are general purpose financial statements which have 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 Public Health Organisations), the Public Finance and Audit Act 1983 and its regulations, and the Treasurers' Direction. Apart from the basis for the District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ac)

Notwithstanding the consolidated entity has a working capital deficiency of \$-87971 and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

As has been the case in prior years, the NSW Ministry of Health has issued a letter of financial support on 27th September 2012 confirming that the District receives each year funding from monies appropriated to the Minister from the Consolidated Fund in accordance with Section 127 of the Health Services Act 1997.

These appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.

Other mitigating circumstances why the going concern is appropriate include:

- * The District has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.
- * The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefit from the EIP are retained by the district and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

Property, plant and equipment, investment property, assets (or disposal groups) 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.

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 statements.

Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period is a six month period as the entity was established on 1 January 2011.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Statement of Compliance

The financial statements comply with Australian Accounting Standards which include Australian Accounting Interpretations .

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 are due to be settled within 12 months after the end of the period in which the employees render the service 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 2012, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2011 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 tax, 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

The District's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity.

The District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 32.

Long Service Leave is measured at present value in accordance with AASB119, *Employee Benefits* . This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These approximate present value.

The District's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

The District 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 30, 'Payables'.

The superannuation expense for the reporting period is determined by using the formulae specified by the NSW Treasury. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Other Provisions

Other provisions exist when: the District 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.

b) Insurance

The District'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 claim experience.

c) Finance Costs

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector agencies.

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

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Patient Fees

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

High Cost Drugs

High cost drug revenue is paid by the Commonwealth through Medicare and reflects the recoupment of costs incurred for Section 100 highly specialised drugs, in accordance with the terms of the Commonwealth agreement. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria is met in respect of day admitted patients, non admitted patients or patients on discharge.

Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. Payment for inpatient services are based on admitted public activity whilst payments for non admitted patients are subject to a block grant paid to the credit of the NSW Ministry of Health.

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 District's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB118 on an accrual basis in accordance with the substance of the relevant agreement.

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 Ministry of Health. Charges consist of two components:

- * a monthly charge raised by the Ministry 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 the District use in the advancement of the District or individuals within it.

Use of Outside Facilities

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

The District 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.

Where material, 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 District obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the District as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the "Net Result" on the basis that the allocation is earned in return for the health services provided on behalf of the Ministry. Allocations are normally recognised upon the receipt of Cash. Allocations have been reconciled to the Ministries records.

General operating expenses/revenues of \$31.658 million (Calvary Hospital, War Memorial Hospital Waverley & Eastern Sydney Scarba Centre) have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The District is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. 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 that:

* the amount of GST incurred by the District 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; and

* receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows 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) Interstate Patient Flows

Districts recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The revenue values reported within the financial statements have been based on 2010/11 activity data using standard cost weighted separation values to reflect estimated costs in 2011/12 for acute weighted inpatient separations.

The composition of interstate patient flow revenue is disclosed in Note 11.

g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the District.

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 (See also assets transferred as a result of an equity transfer Note 2(z)).

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

Where payment for an asset 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 District are deemed to be controlled by the District 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.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

i) Depreciation of Property, Plant and Equipment

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 District. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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%
Office Equipment	10.0%
Plant and Machinery	10.0%
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 Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, Property, Plant and 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 the depreciated replacement cost.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District as at 01 July 2011 was completed on 29 February 2012 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 net result for the year, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the net 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.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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.

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the District is effectively exempt from AASB 136 Impairment of Assets and impairment testing.

This is because AASB136 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 District may at times hold certain assets that are not recognised in the Statement of Financial Position because the District is unable to measure reliably the value of the assets.

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 District 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 District does not have any property that meets the definition of Investment Property.

p) Intangible Assets

The District recognises intangible assets only if it is probable that future economic benefits will flow to the District 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 District's intangible assets, the assets are carried at cost less any accumulated amortisation.

Computer software developed or acquired by the District are recognised as intangible assets and are amortised over 5 years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

q) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

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.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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

s) Inventories

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. 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 Ministry 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 recognised in the Net Result 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 District 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 District 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 net result for the year.

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 Districts' key management personnel.

The risk management strategy of the District 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'.

* Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the District 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 net result for the year 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 in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year.

However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

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 District 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 Statement of Financial Position 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 net result for the year.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, 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 net result for the year.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Any reversals of impairment losses are reversed through the net result for the year, 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 District transfers the financial asset:

- * where substantially all the risks and rewards have been transferred; or
- * where the District has not transferred substantially all the risks and rewards, if the District has not retained control.

Where the District has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the District's continuing involvement in the asset.

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

x) Payables

These amounts represent liabilities for goods and services provided to the District 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 District.

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 net result for the year on derecognition.

The finance lease liability is determined in accordance with AASB 117, *Leases*.

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". This treatment is consistent with AASB1004, *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities 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.

aa) Equity and Reserves

(i) Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(ii) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

(iii) Separate Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

ab) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 35.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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As the District performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the District's own objectives, they are not brought to account in the financial statements.

ac) Budgeted Amounts

The budgeted amounts are drawn from the budget agreed with the NSW Health Ministry at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

ad) Emerging Asset

The District's emerging interest in the St George, Sydney and Randwick Hospital car parks have been valued in accordance with the Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required the District 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 rate as at commencement of the concession period.

ae) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2011 which is then applied to the current period's financial information. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires that the District 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 Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

af) New Australian Accounting Standards Issued but not Effective

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 statements of the District.

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2013 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. Financial assets of the District are not significant and the change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 11, Joint Arrangements has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the District.

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement.

It is not expected that the changes will have material impact on the District.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumption that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2012/13 financial statements will be dependent on the policy of NSW Treasury.

AASB 127, Separate Financial Statements, has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the District.

AASB 128, Investments in Associates and Joint Ventures, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the District.

AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

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AASB 2010-8, Deferred Tax: Recovery of Underlying Assets has application from 1 July 2012 and addresses deferred tax relating to investment property. It is assessed as having no impact on the District.

AASB 2010-10, Removal of Fixed Dates for First Time Adopters, has application from 1 July 2013, and is assessed as having no impact on the District.

AASB 2011-2, Trans Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2011-3, Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and related amendments has application from 1 July 2012 and changes in disclosure will be dependent on the mandate of Treasury.

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration to Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013.

The exemptions from preparing the consolidation is not expected to apply to the District.

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. The changes have application from 1 July 2013 but are assessed as having no material effect.

AASB 2011-8, Amendments to Australian Accounting Standards, Fair Value Measurement affects 32 standards and nine interpretations, consequential to the new requirements contained in AASB 13, Fair Value Measurement. The change is effective from 1 July 2013.

AASB 2011-9, Amendments to Australian Accounting Standards, Presentation of Items of Other Comprehensive Income has application from 1 July 2012. The amendments requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially reclassified to Profit or Loss. No change is expected.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119 has application from 1 July 2013 and makes consequential amendments to 7 standards and 1 interpretation to the changes made by AASB 119, Employee Entitlements. Any change to the 2013/14 will be dependent on the policy of NSW Treasury.

AASB 2011-11, Amendments to AASB 119 arising from Reduced Disclosure Requirements, has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-12, Amendments to AASB 119 arising from Reduced Disclosure Requirements, has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-13, Amendments to Australian Accounting Standard - Improvements to AASB 1049, has application from 1 July 2013 and relates to the Whole of Government General Purpose Financial Statements and General Government Sector Financial Statements. Any change will be dependent on the mandate of NSW Treasury.

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following:

- repeat application of AASB 1 is permitted (AASB 1); and
- clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

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Annual Improvements to IFRSs 2009–2011 Cycle :

This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

IFRS 1 First-time Adoption of International Financial Reporting Standards

- Repeated application of IFRS 1
- Borrowing costs

IAS 1 Presentation of Financial Statements

- Clarification of the requirements for comparative information

IAS 16 Property, Plant and Equipment

- Classification of servicing equipment

IAS 32 Financial Instruments: Presentation

- Tax effect of distribution to holders of equity instruments

IAS 34 Interim Financial Reporting

- Interim financial reporting and segment information for total assets and liabilities

South Eastern Sydney Local Health District
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for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
3. Employee Related			
Employee related expenses comprise the following:			
0	0	585,110	252,680
0	0	33,441	14,919
0	0	56,565	29,072
0	0	12,117	7,647
0	0	58,367	28,207
0	0	50,205	12,469
0	0	75,850	37,400
0	0	26,064	11,004
0	0	1,407	0
0	0	10,770	3,527
0	0	(144)	9
<u>0</u>	<u>0</u>	<u>909,752</u>	<u>396,934</u>
The following additional information is provided:			
0	0	22	0
4. Personnel Services			
Personnel Services comprise the purchase of the following:			
585,110	252,680	0	0
33,441	14,919	0	0
56,565	29,072	0	0
12,117	7,647	0	0
58,367	28,207	0	0
50,205	12,469	0	0
75,850	37,400	0	0
26,064	11,004	0	0
1,407	0	0	0
10,770	3,527	0	0
(144)	9	0	0
<u>909,752</u>	<u>396,934</u>	<u>0</u>	<u>0</u>
The following additional information is provided:			
22	0	0	0
5. Other Operating Expenses			
9,947	5,487	9,947	5,487
17,129	7,917	17,129	7,917
79,153	37,082	79,153	37,082
22,225	11,234	22,225	11,234
10,711	4,938	10,711	4,938
39,391	33,549	39,391	33,549
3,942	1,594	3,942	1,594
12,711	1,244	12,711	1,244
1,065	255	1,065	255
Maintenance (See (c) below)			
8,314	2,561	8,314	2,561
7,114	3,177	7,114	3,177
11,520	5,000	11,520	5,000
(420)	(622)	(420)	(622)
71,053	27,623	71,053	27,623
1,067	476	1,067	476
2,762	789	2,762	789
3,930	1,573	3,930	1,573
2,069	931	2,069	931
3,162	1,229	3,162	1,229
70,042	45,522	70,042	45,522
7,369	2,564	7,369	2,564
6,331	2,714	6,331	2,714
5,769	2,412	5,769	2,412
<u>396,356</u>	<u>199,249</u>	<u>396,356</u>	<u>199,249</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
(a) Sundry Operating Expenses comprise :			
6,165	2,679	6,165	2,679
166	36	166	36
6,331	2,715	6,331	2,715
(b) General Expenses include :-			
464	46	464	46
344	196	344	196
0	4	0	4
769	511	769	511
68	4	68	4
1,127	315	1,127	315
0	0	0	0
4,654	0	4,654	0
676	219	676	219
957	272	957	272
435	224	435	224
674	209	674	209
1,273	659	1,273	659
1	0	1	0
2,713	832	2,713	832
3	5	3	5
112	25	112	25
395	91	395	91
0	0	0	0
21,431	28,330	21,431	28,330
260	38	260	38
3,036	1,569	3,036	1,569
39,391	33,549	39,391	33,549
(c) Reconciliation of Total Maintenance			
26,529	10,114	26,529	10,114
3,385	1,909	3,385	1,909
29,914	12,023	29,914	12,023

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
31,954	15,070	Depreciation - Buildings	31,954	15,070
12,369	4,064	Depreciation - Plant and Equipment	12,369	4,064
4,124	2,118	Depreciation - Infrastructure Systems	4,124	2,118
<u>48,447</u>	<u>21,252</u>		<u>48,447</u>	<u>21,252</u>
7. Grants and Subsidies				
8,263	0	Non-Government Organisations	8,263	0
769	983	Community Aged Care Packages	769	983
115	117	Grants to Research Orgs	115	117
158	3	Promotion of Research	158	3
0	49	Budget Sector Other Grants	0	49
984	63	Other Grants	984	63
<u>10,289</u>	<u>1,215</u>		<u>10,289</u>	<u>1,215</u>
8. Finance Costs				
65	10	Other Interest Charges	65	10
<u>65</u>	<u>10</u>	Total Finance Costs	<u>65</u>	<u>10</u>
9. Payments to Affiliated Health Organisations				
(a) Recurrent Sourced				
18,223	7,739	Calvary Hospital	18,223	7,739
10,894	5,329	War Memorial Hospital Waverley	10,894	5,329
1,245	488	Eastern Sydney Scarba Centre	1,245	488
<u>30,362</u>	<u>13,556</u>		<u>30,362</u>	<u>13,556</u>
(b) Capital Sourced				
0	2,400	Calvary Hospital	0	2,400
1,296	0	St Vincents Hospital	1,296	0
<u>1,296</u>	<u>2,400</u>		<u>1,296</u>	<u>2,400</u>
<u>31,658</u>	<u>15,956</u>	Total Payments to Affiliated Health Organisations	<u>31,658</u>	<u>15,956</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
10. Other Expenses				
0	0	No Application	0	0
<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>
11. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
6,705	3,105	Sale of Prosthesis	6,705	3,105
203	94	Other	203	94
1,441	898	Pharmacy Sales	1,441	898
(b) Rendering of Services comprise the following:-				
Patient Fees [see note 2(d)]				
72,879	35,502	- Inpatient Fees	72,879	35,502
92	61	- Nursing Home Fees	92	61
4,750	437	- Non Inpatient Fees	4,750	437
30,910	11,207	Department of Veterans' Affairs	30,910	11,207
373	177	Staff-Meals and Accommodation	373	177
19,542	4,821	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	19,542	4,821
8,512	7,094	- Annual Charge	8,512	7,094
19	18	Cafeteria/Kiosk	19	18
1,151	527	Car Parking	1,151	527
798	343	Child Care Fees	798	343
195	22	Clinical Services (excluding Clinical Drug Trials)	195	22
25,217	762	Commercial Activities	25,217	762
13	9	Enteral Nutrition Income	13	9
248	100	Fees for Medical Records	248	100
45,191	20,248	High Cost Drugs	45,191	20,248
7,543	3,391	Motor Accident Authority Third Party	7,543	3,391
0	1	PADP Patient Copayments	0	1
5,438	0	Patient Inflows from Interstate [see note (c) below]	5,438	0
1	1	Patient Transport Fees	1	1
(107)	0	Salary Packaging Fee	(107)	0
2,992	1,656	Services Provided to Non NSW Health Organisations	2,992	1,656
1,648	63	Other	1,648	63
<u>235,754</u>	<u>90,537</u>		<u>235,754</u>	<u>90,537</u>
(c) Revenues from Patient Inflows from Interstate are as follows:-				
1,215	0	ACT	1,215	0
1,454	0	QLD	1,454	0
303	0	SA	303	0
974	0	VIC	974	0
192	0	TAS	192	0
366	0	NT	366	0
934	0	WA	934	0
<u>5,438</u>	<u>0</u>		<u>5,438</u>	<u>0</u>
12. Investment Revenue				
Interest				
(43)	1,560	- T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	(43)	1,560
2,462	3,121	- Other	2,462	3,121
176	0	Other	176	0
<u>2,595</u>	<u>4,681</u>		<u>2,595</u>	<u>4,681</u>

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
13. Grants and Contributions				
4,711	858	Clinical Drug Trials	4,711	858
518	398	Commonwealth Government Grants	518	398
186	0	Commonwealth Teaching Hospital Grants	186	0
4,873	2,440	Industry Contributions/Donations	4,873	2,440
6,410	780	Cancer Institute Grants	6,410	780
7,373	1,520	NSW Government Grants	7,373	1,520
12,126	7,645	Personnel Services - Superannuation Defined Benefit Plans	0	0
775	379	Research Grants	775	379
46,223	13,806	Other Grants	3,596	1,314
<u>83,195</u>	<u>27,826</u>		<u>28,442</u>	<u>7,689</u>

14. Acceptance by the Crown Entity of employee benefits

The following liabilities and expenses have been assumed
by the Crown Entity:

0	0	Superannuation-defined benefit	12,126	7,645
<u>0</u>	<u>0</u>	Long Service Leave	<u>42,627</u>	<u>12,492</u>
<u>0</u>	<u>0</u>		<u>54,753</u>	<u>20,137</u>

Crown Acceptance of:

* Superannuation-defined benefit is reported as "Personnel Services - Defined Benefit Plan" within Note 13 of the PARENT Entity

* Long service leave is reported as "Other Grants" within Note 13 of the PARENT Entity

15. Other Revenue

Other Revenue comprises the following:-

14	0	Bad Debts Recovered	14	0
351	202	Commissions	351	202
153	144	Conference and Training Fees	153	144
71	0	Discounts	71	0
52	0	Insurance Refunds	52	0
6,077	2,952	Lease and Rental Income	6,077	2,952
57	52	Sale of Merchandise, Old Wares and Books	57	52
71	67	Sponsorship Income	71	67
3,450	1,310	Treasury Managed Fund Hindsight Adjustment	3,450	1,310
4,500	3,321	Other	4,500	3,321
<u>14,796</u>	<u>8,048</u>		<u>14,796</u>	<u>8,048</u>

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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
16. Gain / (Loss) on Disposal				
17,164	877	Property, Plant and Equipment	17,164	877
16,609	728	Less: Accumulated Depreciation	16,609	728
555	149	Written Down Value	555	149
157	161	Less: Proceeds from Disposal	157	161
(398)	12	Gain/(Loss) on Disposal of Property, Plant and Equipment	(398)	12
4,282	0	Assets Held for Sale	4,282	0
4,282	0	Less: Proceeds from Disposal	4,282	0
-----	-----	Gain/(Loss) on Disposal of Assets Held for Sale	-----	-----
(398)	12	Total Gain/(Loss) on Disposal	(398)	12
17. Other Gains / (Losses)				
(1,886)	(355)	Impairment of Receivables	(1,886)	(355)
(1,886)	(355)		(1,886)	(355)

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

18. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at balance date	51	5,396	0	5,447
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	1,967	74,910	0	76,877
Total amount of unexpended contributions as at balance date	2,018	80,306	0	82,324

Comment on restricted assets appears in Note 29

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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19. Service Groups of the District

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 Local Health Districts 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 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to 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 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

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Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts 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 Ministry'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.

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		20. Cash and Cash Equivalents		
20,182	4,310	Cash at Bank and On Hand	20,182	4,310
<u>60,758</u>	<u>3,299</u>	Short Term Deposits	<u>60,758</u>	<u>3,299</u>
<u>80,940</u>	<u>7,609</u>		<u>80,940</u>	<u>7,609</u>
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
<u>80,940</u>	<u>7,609</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>80,940</u>	<u>7,609</u>
<u>80,940</u>	<u>7,609</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>80,940</u>	<u>7,609</u>

Refer to Note 43 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
21. Receivables				
Current				
25,743	17,615	Sale of Goods and Services	25,743	17,615
26,763	26,615	Intra Health Receivables	26,763	26,615
6,709	12,743	Goods and Services Tax	6,709	12,743
9,048	4,672	Other Debtors	9,048	4,672
<hr/>	<hr/>		<hr/>	<hr/>
68,263	61,645	Sub Total	68,263	61,645
<hr/>	<hr/>		<hr/>	<hr/>
(4,241)	(382)	Less Allowance for Impairment	(4,241)	(382)
<hr/>	<hr/>		<hr/>	<hr/>
64,022	61,263	Sub Total	64,022	61,263
3,041	1,380	Prepayments	3,041	1,380
<hr/>	<hr/>		<hr/>	<hr/>
67,063	62,643		67,063	62,643
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
(a) Movement in the Allowance for Impairment				
0	0	Sale of Goods and Services		
(382)	0	Balance at Commencement of Reporting Period	(382)	0
(1,994)	(382)	Amounts written off during the year	(1,994)	(382)
<hr/>	<hr/>	(Increase)/decrease in Allowance Recognised in	<hr/>	<hr/>
(1,642)	0	Result for the Year	(1,642)	0
(4,018)	(382)	Balance at 30 June	(4,018)	(382)
(b) Movement in the Allowance for Impairment				
Other Debtors				
0	0	Balance at Commencement of Reporting Period	0	0
21	0	Amounts written off during the year	21	0
<hr/>	<hr/>	(Increase)/decrease in Allowance Recognised in	<hr/>	<hr/>
(244)	0	Result for the Year	(244)	0
(222)	0	Balance at 30 June	(222)	0
<hr/>	<hr/>		<hr/>	<hr/>
(4,241)	(382)		(4,241)	(382)
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
(c) Sale of Goods and Services Receivables				
(Current and Non-Current) include:				
1,424	1,393	Patient Fees - Compensable	1,424	1,393
5,676	2,375	Patient Fees - Ineligible	5,676	2,375
12,426	7,792	Patient Fees - Other	12,426	7,792
<hr/>	<hr/>		<hr/>	<hr/>
19,526	11,560		19,526	11,560
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 43.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
22. Inventories - Current - Held for Distribution				
5,146	5,209	Drugs	5,146	5,209
7,051	6,190	Medical and Surgical Supplies	7,051	6,190
<u>0</u>	<u>4</u>	Other Including Goods in Transit	<u>0</u>	<u>4</u>
<u>12,197</u>	<u>11,403</u>		<u>12,197</u>	<u>11,403</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		23. Financial Assets at Fair Value		
		Current		
<u>15,739</u>	<u>68,281</u>	Treasury Corporation - Hour-Glass Investment Facilities	<u>15,739</u>	<u>68,281</u>
<u>15,739</u>	<u>68,281</u>		<u>15,739</u>	<u>68,281</u>
		Non Current		
<u>0</u>	<u>0</u>	No Application	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>

Refer to Note 43 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		24. Other Financial Assets		
		Current		
0	0	No Application	0	0
<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>
		Non-Current		
0	0	No Application	0	0
<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>

Refer to Note 43 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
25. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,469,876	1,379,098	Gross Carrying Amount	1,469,876	1,379,098
<u>640,684</u>	<u>552,829</u>	Less Accumulated Depreciation and Impairment	<u>640,684</u>	<u>552,829</u>
<u>829,192</u>	<u>826,269</u>	Net Carrying Amount	<u>829,192</u>	<u>826,269</u>
Plant and Equipment - Fair Value				
157,288	119,893	Gross Carrying Amount	157,288	119,893
<u>85,792</u>	<u>67,691</u>	Less Accumulated Depreciation and Impairment	<u>85,792</u>	<u>67,691</u>
<u>71,496</u>	<u>52,202</u>	Net Carrying Amount	<u>71,496</u>	<u>52,202</u>
Infrastructure Systems - Fair Value				
165,038	169,443	Gross Carrying Amount	165,038	169,443
<u>78,983</u>	<u>81,012</u>	Less Accumulated Depreciation and Impairment	<u>78,983</u>	<u>81,012</u>
<u>86,055</u>	<u>88,431</u>	Net Carrying Amount	<u>86,055</u>	<u>88,431</u>
<u>986,743</u>	<u>966,902</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>986,743</u>	<u>966,902</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

25. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Net Carrying Amount at Start of Year	162,237	652,855	11,177	0	52,203	88,431	0	966,903
Additions	0	46	17,444	0	12,747	70	0	30,307
Reclassifications to Intangibles								0
Recognition of Assets Held for Sale	(1,883)	(389)	0	0	0	0	0	(2,272)
Disposals	0	0	0	0	(555)	0	0	(555)
Administrative Restructures - Transfers In/(Out)	3,401	3,094	0	0	19,469	0	0	25,964
Net Revaluation Increment Less Revaluation Decrements	(592)	13,757	0	0	0	1,678	0	14,843
Impairment Losses (Recognised in "Other Gains/Losses)	0	0	0	0	0	0	0	0
Depreciation Expense	0	(31,954)	0	0	(12,369)	(4,124)	0	(48,447)
Reclassifications	0	0	0	0	0	0	0	0
Net Carrying Amount at End of Year	163,163	637,409	28,621	0	71,495	86,055	0	986,743

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011								
Net Carrying Amount at Start of Reporting Period	0	310	8,118	0	0	0	0	8,428
Additions	0	122	4,847	0	13,897	0	0	18,866
Reclassifications to Intangibles								0
Recognition of Assets Held for Sale	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(149)	0	0	(149)
Administrative Restructures - Transfers In/(Out)	162,237	665,690	0	0	42,534	90,549	0	961,010
Net Revaluation Increment Less Revaluation Decrements	0	0	0	0	0	0	0	0
Impairment Losses (Recognised in "Other Gains/Losses)	0	0	0	0	0	0	0	0
Depreciation Expense	0	(15,070)	0	0	(4,064)	(2,118)	0	(21,252)
Reclassifications	0	1,803	(1,788)	0	(15)	0	0	0
Net Carrying Amount at End of Year	162,237	652,855	11,177	0	52,203	88,431	0	966,903

Above categories and transaction type should be deleted if not applicable.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were valued by George Nelson of **CB Richard Ellis (CPV and NSW Valuer Registration No. 2265)** on 01 07 2011 [see note 2(j)]. George Nelson is not an employee of the SESLHD.

(This note applies to those Local Health District scheduled to perform revaluations in 2011/12 but may need to be further varied if not material).

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

CONSOLIDATION

25. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Net Carrying Amount at Start of Year	162,237	652,855	11,177	0	52,203	88,431	0	966,903
Additions	0	46	17,444	0	12,747	70	0	30,307
Reclassifications to Intangibles	0	0	0	0	0	0	0	0
Recognition of Assets Held for Sale	(1,883)	(389)	0	0	0	0	0	(2,272)
Disposals	0	0	0	0	(555)	0	0	(555)
Administrative Restructures - Transfers In/(Out)	3,401	3,094	0	0	19,469	0	0	25,964
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	(592)	13,757	0	0	0	1,678	0	14,843
Impairment Losses (Recognised in "Other Gains/Losses")	0	0	0	0	0	0	0	0
Depreciation Expense	0	(31,954)	0	0	(12,369)	(4,124)	0	(48,447)
Reclassifications	0	0	0	0	0	0	0	0
Net Carrying Amount at End of Year	163,163	637,409	28,621	0	71,495	86,055	0	986,743

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011								
Net Carrying Amount at Start of Reporting Period	0	310	8,118	0	0	0	0	8,428
Additions	0	122	4,847	0	13,897	0	0	18,866
Reclassifications to Intangibles	0	0	0	0	0	0	0	0
Recognition of Assets Held for Sale	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(149)	0	0	(149)
Administrative Restructures - Transfers In/(Out)	162,237	665,690	0	0	42,534	90,549	0	961,010
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	0	0	0	0	0	0	0	0
Impairment Losses (Recognised in "Other Gains/Losses")	0	0	0	0	0	0	0	0
Depreciation Expense	0	(15,070)	0	0	(4,064)	(2,118)	0	(21,252)
Reclassifications	0	1,803	(1,788)	0	(15)	0	0	0
Net Carrying Amount at End of Year	162,237	652,855	11,177	0	52,203	88,431	0	966,903

Above categories and transaction type should be deleted if not applicable.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were valued by George Nelson of **CB Richard Ellis (CPV and NSW Valuer Registration No. 2265)** on 01 07 2011 [see note 2(j)]. George Nelson is not an employee of the SESLHD.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		26. Intangible Assets		
		Other		
2,773	481	Cost (Gross Carrying Amount)	2,773	481
<u>2,409</u>	<u>0</u>	Less Accumulated Amortisation and Impairment	<u>2,409</u>	<u>0</u>
<u>364</u>	<u>481</u>	Net Carrying Amount	<u>364</u>	<u>481</u>
<u>364</u>	<u>481</u>	Total Intangible Assets at Net Carrying Amount	<u>364</u>	<u>481</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

26. Intangibles - Reconciliation

	Software \$000	Other \$000	Total \$000
2012			
Net Carrying Amount at Start of Year	0	481	481
Additions from Internal Development or Acquired Separately	0	0	0
Reclassification from Plant & Equipment	0	(117)	(117)
Assets Held for Sale	0	0	0
Impairment Losses	0	0	0
Amortisation (Recognised in Depreciation and Amortisation)	0	0	0
Other Movements	0	0	0
Net Carrying Amount at End of Year	0	364	364

	Software \$000	Other \$000	Total \$000
2011			
Net Carrying Amount at Start of Reporting Period	0	0	0
Additions from Internal Development or Acquired Separately	0	481	481
Reclassification From Plant & Equipment	0	0	0
Assets Held for Sale	0	0	0
Impairment Losses	0	0	0
Amortisation (Recognised in Depreciation and Amortisation)	0	0	0
Other Movements	0	0	0
Net Carrying Amount at End of Year	0	481	481

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		27. Other Assets		
		Current		
0	0	No Application	0	0
<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>
		Non-Current		
28,588	22,522	Emerging Rights to Assets (refer Note 2(ad))	28,588	22,522
<u>28,588</u>	<u>22,522</u>		<u>28,588</u>	<u>22,522</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
28. Non-Current Assets (or Disposal Groups) Held for Sale				
Assets Held for Sale				
2,272	2,449	Land and Buildings	2,272	2,449
2,272	2,449		2,272	2,449
Amounts Recognised in Equity Relating to Assets Held for Sale				
(140)	0	Property, Plant and Equipment Asset Revaluation Increments/Decrements	(140)	0
(140)	0		(140)	0

The non-current assets held for resale constitute assets that are surplus to requirements and will be actively marketed for sale in the next twelve months, with an expectation that the sale will be effected by 30th June 2013.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012 \$000	2011 \$000	2012 \$000	2011 \$000
29. Restricted Assets			
The District'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			
39,830	39,734	39,830	39,734
	Specific Purposes		
17,532	16,511	17,532	16,511
	Perpetually Invested Funds		
24,961	20,632	24,961	20,632
	Research Grants		
<u>82,323</u>	<u>76,877</u>	<u>82,323</u>	<u>76,877</u>

Section 6 of the NSW Health Accounting Manual prescribes the manner in which SP & T Accounts are to be operated. SP&T Funds are to be used strictly in accordance with the terms of the Trust or grant. They cannot acquire conditions more restrictive than those set by the donor. Until the purpose of the special purpose or trust is satisfied investment of the funds can only be in accordance with the terms specified or where none have been specified then in accordance with the provisions of the Public Authorities (Financial Arrangements) Act 1987 which is considered by the Ministry of Health to comply with the requirements of the Trustee Amendment (Discretionary Investments) Act 1997. As a general rule, application of SP&T Funds in a manner permitted by the Special Purpose or Trust satisfies the Trust. For example where SP&T Funds have been used for maintenance on a building or for the purchase of equipment the trust is satisfied and the benefit has passed to the District or Hospital.

Most moneys credited to SP&T Fund are subject to some condition, either specific or general, and until they are applied in accordance with the Accounts & Audit Determination to the purpose for which they have been received, the District has a responsibility to state/observe the nature of the restrictions. Accordingly, the system of accounts clearly show at all times the exact purposes for which all moneys in the Fund are held, and how they have been applied.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		30. Payables		
		Current		
0	0	Accrued Salaries, Wages and On-Costs	16,438	10,697
0	0	Taxation and Payroll Deductions	5,755	8,852
22,193	19,549	Accrued Liability - Purchase of Personnel Services	0	0
48,825	36,267	Creditors	48,825	36,267
		Other Creditors		
1,692	3,735	- Capital Works	1,692	3,735
23,556	33,506	- Intra Health Liability	23,556	33,506
12,367	20,392	- Other	12,367	20,392
2,697	2,802	- Taxation	2,697	2,802
<u>111,330</u>	<u>116,251</u>		<u>111,330</u>	<u>116,251</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 43.

		31. Borrowings		
		Current		
<u>0</u>	<u>104</u>	Other Loans and Deposits	<u>0</u>	<u>104</u>
<u>0</u>	<u>104</u>		<u>0</u>	<u>104</u>
		Non-Current		
<u>1,483</u>	<u>0</u>	Other Loans and Deposits	<u>1,483</u>	<u>0</u>
<u>1,483</u>	<u>0</u>		<u>1,483</u>	<u>0</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 43.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
32. Provisions				
0	0	Annual Leave - Short Term Benefit	55,459	65,349
0	0	Annual Leave - Long Term Benefit	83,531	49,805
0	0	Long Service Leave On-Costs	14,121	7,354
153,111	122,508	Provision for Personnel Services Liability	0	0
153,111	122,508	Total Current Provisions	153,111	122,508
Non-Current Employee Benefits and Related On-Costs				
0	0	Long Service Leave On-Costs	1,851	387
1,851	387	Provision for Personnel Services Liability	0	0
1,851	387	Total Non-Current Provisions	1,851	387
Aggregate Employee Benefits and Related On-Costs				
153,111	122,508	Provisions - Current	153,111	122,508
1,851	387	Provisions - Non-Current	1,851	387
0	0	Accrued Salaries, Wages and On-Costs (Note 30)	22,193	19,549
22,193	19,549	Accrued Liability - Purchase of Personnel Services (Note 30)	0	0
177,155	142,444		177,155	142,444

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
33. Other Liabilities				
Current				
1,741	1,303	Income in Advance	1,741	1,303
<u>1,741</u>	<u>1,303</u>		<u>1,741</u>	<u>1,303</u>
Non-Current				
13,134	14,396	Income in Advance	13,134	14,396
<u>13,134</u>	<u>14,396</u>		<u>13,134</u>	<u>14,396</u>

In May 1995 \$5.5 million was received as income in advance from "International Parking (Sydney) P/L and AIDC" under the terms of contract to provide and operate a carpark facility at the Sydney & Sydney Eye Hospitals campus for the 25 years ending May 2020.

In June 1997 \$18.5 million was received as income in advance from "International Parking (Randwick) P/L" under the terms of contract to provide and operate a carpark facility at the Prince of Wales Hospital campus for the 25 years ending June 2022.

In June 1999 \$4.5 million was received as income in advance from "International Parking P/L" under the terms of contract to provide and operate a carpark facility at the ST George Hospital campus for the 25.5 years ending December 2024.

In October 1996 \$5 million was received as income in advance from "HCOA" under the terms of contract to provide and operate a private hospital facility at the Prince of Wales Hospital campus for the 40 years ending October 2036.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000	34. Commitments for Expenditure	2012 \$000	2011 \$000
		(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 and not provided for:		
		Not later than one year	26,779	7,237
26,779	7,237	Later than one year and not later than five years	3,529	1,896
3,529	1,896			
30,308	9,133	Total Capital Expenditure Commitments (Including GST)	30,308	9,133
		Of the commitments reported at 30 June 2012 it is expected that \$5.77 will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
		Not later than one year	4,774	739
4,774	739	Later than one year and not later than five years	8,628	1,756
8,628	1,756	Later than five years	1,886	220
1,886	220			
15,288	2,715	Total Operating Lease Commitments (Including GST)	15,288	2,715

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

(c) Contingent Asset Related to Commitments for Expenditure

The total of 'Commitments for Expenditure' above, i.e. \$45.6 million as at 30 June 2012 includes input tax credits of \$4.56 million that are expected to be recoverable from the Australian Taxation Office (2012 \$3.16 million).

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

35. Trust Funds

The District holds trust fund moneys of \$1,053 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 District 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	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash Balance at the beginning of the financial year	565	471	216	230	5,206	9,253	5,987	9,954
Receipts	1,317	1,077	82	38	30,694	13,276	32,093	14,391
Expenditure	(1,446)	(983)	(59)	(51)	(35,522)	(17,323)	(37,027)	(18,357)
Cash Balance at the end of the financial year	436	565	239	216	378	5,206	1,053	5,987

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

36. Contingent Liabilities and Assets

a) 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 2005/06 fund year and an interim adjustment for the 2007/08 fund year were not calculated until 2011/12.

As a result, the 2006/07 final and 2008/09 interim hindsight calculations pertaining to the hospitals and community services now forming part of the District will be paid in 2012/13. It is not possible for the District to reliably quantify the benefit to be received.

b) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the District'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 exist or be formulated between the administering bodies of the organisation and the District and the Ministry.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT

Actual
Six months ended
2012 30 June 2011
\$000 \$000

CONSOLIDATION

Actual
Six months ended
2012 30 June 2011
\$000 \$000

37. Reconciliation of Cash Flows from Operating Activities to Net Result

76,269	20,363	Net Cash Flows from Operating Activities	76,269	20,363
(48,448)	(21,252)	Depreciation	(48,448)	(21,252)
1,886	(382)	Allowance for Impairment	1,886	(382)
822	2,536	Income in advance	822	2,536
(32,068)	(7,066)	Decrease in Provisions	(32,068)	(7,066)
3,145	51,106	Increase / (Decrease) in Prepayments and Other Assets	3,145	51,106
(2,354)	(80,733)	(Increase)/ Decrease in Creditors	(2,354)	(80,733)
0	0	Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	0	0
(398)	28	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(398)	28
<hr/>			<hr/>	
(1,146)	(35,400)	Net Result	(1,146)	(35,400)

38. Non-Cash Financing and Investing Activities

0	0	No Application	0	0
<hr/>			<hr/>	
0	0		0	0

39. 2011/12 Voluntary Services

It is considered impracticable to quantify the monetary value of voluntary services provided to the District. Services provided include:

<u>0</u>		<ul style="list-style-type: none"> . Chaplaincies and Pastoral Care - . Pink Ladies/Hospital Auxiliaries - . Patient Support Groups - . Community Organisations - 		<ul style="list-style-type: none"> Patient & Family Support Patient Services, Fund Raising Practical Support to Patients and Relative Counselling, Health Education, Transport, Home Help & Patient Activities 	<u>0</u>
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South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

40. Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the *Industrial Relations Act, 1996*.

All money and personal effects of patients which are left in the custody of the District 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 the District.

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.

41. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than budget by \$11.984 million.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation during September 2011 are as follows:

	\$000
Initial Allocation, September 2011	918,385
Award Increases	11,759
Special Projects	53,806
Treasury Managed Fund Adjustment	7,142
Annualised Nurse Strategy Funds	3,501
Dental Budget Adjustment	3,170
MH Prog 9th Supplementation	2,459
Leap Year Costs	1,960
Voluntary Redundancy	1,224
Mental Health Tsf from ISLHD	1,029
Nurse Midwife Strategy	(1,744)
RMR Program Fund	(7,184)
Other	
Transition of HRT0 to SESLHD	76,840
	1,072,346
Balance as per Statement of Comprehensive Income	1,072,346

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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42. Increase/(Decrease) in Net Assets from Equity Transfers

Net assets of \$922.741 million transferred from the former South Eastern Sydney and Illawarra Area Health Service with effect from 1 January 2011 commensurate with the responsibilities for health services assumed by the South Eastern Sydney Local Health Network on that date in accordance with the provisions of the Health Services Act 1997.

Consistent with Treasury approval, Long Service Leave liability of \$250.0 Million transferred from the Health Service with effect from 31 December 2010 from which time the Crown Entity assumed responsibility for Long Service

Equity transfers effected in 2011/12 comprised:

An increase in net assets of \$7.174M relating to the District assumption of responsibilities upon dissolution of Health Reform Transitional Organisations on 31 May 2012.

Net Cost of Services, Assets and Liabilities transferred are as follows:

	2012 \$000
Assets	
Cash & Cash Equivalents	6,445
Receivables	3,867
Inventory	697
Financial Assets	5,549
Property Plant & Equipment	24,132
Liabilities	
Payables	-15,448
Provision	-15,354
Loans	-2,126
Other Liabilities	-588
Increase/(Decrease) From Equity Transfers	7,174

South Eastern Sydney Local Health District
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43. Financial Instruments

The District's principal financial instruments are outlined below. These financial instruments arise directly from the District's operations or are required to finance its operations. The District does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The District's main risks arising from financial instruments are outlined below, together with the District's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive Officer 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 District, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee/internal auditors on a regular and planned basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATED

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 20)	N/A	80,940	7,609
Receivables (note 21) ¹	Loans and receivables (at amortised cost)	57,313	48,520
Financial Assets at Fair Value (note 23)	At fair value through profit or loss (designated as such upon initial recognition)	15,739	68,281
Available-for-Sale Financial Assets	(At fair value)	2,272	2,449
Other Financial Assets (note 24)	Loans and receivables (at amortised cost)	0	0
Total Financial Assets		156,264	126,859
Financial Liabilities			
Borrowings (note 31)	Financial liabilities	1,483	104
Payables (note 30) ²	measured at	102,878	104,597
Other (note 33)	amortised cost	14,875	15,699
Total Financial Liabilities		119,236	120,400

Notes

¹ Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

South Eastern Sydney Local Health District
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2 Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) Credit Risk

Credit risk arises when there is the possibility of the District's debtors defaulting on their contractual obligations, resulting in a financial loss to the District. 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 District, including cash, receivables and authority deposits. No collateral is held by the District. The District has not granted any financial guarantees.

Credit risk associated with the District's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.38% in 2011/12 compared to 4.67% in the previous year. The TCorp Hour-Glass cash facility is discussed in para (d) below.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations 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 SESLHD will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The District 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 (2012:\$21.183 million; 2011: \$14.161 million) and not more than [3] months past due (2012: \$5.30 million; 2011:\$3.072 million) are not considered impaired and together these represent 102.88% 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 District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'sales of goods and services' or 'Other Debtors' in the 'receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

	\$000		
2012	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
<3 months overdue	3,105	3,060	45
3 months - 6 months overdue	1,205	541	664
> 6 months overdue	5,233	1,702	3,531
2011			
<3 months overdue	5,805	5,805	0
3 months - 6 months overdue	2,112	1,730	382
> 6 months overdue	0	0	0

Notes

1 Each column in the table reports "gross receivables".

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

South Eastern Sydney Local Health District
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Authority Deposits

The District 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 can vary. The deposits at balance date were earning an average interest rate of 0.60% (2011: 7 %), while over the year the weighted average interest rate was -1.62% (2011: 5.24%) on a weighted average balance during the year of \$43,229m (2011 - \$72.427m). None of these assets is past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the District will be unable to meet its payment obligations when they fall due. The District 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 District has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The District's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Ministry of Health has indicated its ongoing financial support for the District (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 settled in accordance with the policy set by the NSW Ministry of Health. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, 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 to the satisfaction of both parties.

The table below summarises the maturity profile of the District's financial liabilities together with the interest rate exposure.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure					Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		22,193	0	0	22,193	22,193	0	0
Creditors		89,137	0	0	89,137	89,137	0	0
Borrowings:								
Other Loans and Deposits	0.00%	1,483	0	0	1,483	1,058	425	
		<u>112,813</u>	<u>0</u>	<u>0</u>	<u>112,813</u>	<u>112,388</u>	<u>425</u>	<u>0</u>
2011								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		19,549	0	0	19,549	19,549	0	0
Creditors		96,702	0	0	96,702	96,702	0	0
Borrowings:								
Other Loans and Deposits	6.95%	104	104	0	0	104	0	0
		<u>116,355</u>	<u>104</u>	<u>0</u>	<u>116,251</u>	<u>116,355</u>	<u>0</u>	<u>0</u>

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the District can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

2. Of the \$0.425 million disclosed in the 2012 'other loans and deposits' time band 1-5 yrs, the District has no intention to effect payments in advance of maturity dates on or prior to 30 September 2012.

South Eastern Sydney Local Health District
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 District's exposures to market risk are primarily through interest rate risk on the District's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The District 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 District 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 Statement of Financial Position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the District's interest bearing liabilities.

However, District are not permitted to borrow external to the NSW Ministry of Health (energy loans which are negotiated through Treasury excepted).

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The District does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The District's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2012					
Financial Assets					
Cash and Cash Equivalents	80,940	-809	-809	809	809
Receivables	57,313	-573	-573	573	573
Financial Assets at Fair Value	15,739	-157	-157	157	157
Financial Liabilities					
Payables	102,878	- 1,029	- 1,029	1,029	1,029
Borrowings	1,483	-15	-15	15	15
2011					
Financial Assets					
Cash and Cash Equivalents	7,609	-76	-76	76	76
Receivables	48,520	-485	-485	485	485
Financial Assets at Fair Value	68,281	-683	-683	683	683
Financial Liabilities					
Payables	104,597	- 1,046	- 1,046	1,046	1,046
Borrowings	104	-1	-1	1	1

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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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 District has no direct equity investments. The District holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	10,617	3,299
Strategic cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	5,122	10,923
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian and International shares	3 years to 7 years	0	29,546
Long-term growth facility	Cash, money market instruments, Australian and International bonds listed property, Australian and International shares	7 years and over	0	27,811

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 is trustee for each of the above facilities and is required to act in the best interest of the unit holders 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 and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). 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).

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

South Eastern Sydney Local Health District
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	Change in unit price	Impact on profit/loss	
		2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	106	33
Hour-Glass Investment - Strategic cash facility	+/- 1%	51	109
Hour-Glass Investment - Medium-term growth facility	+/- 6%	0	1,773
Hour-Glass Investment - Long-term growth facility	+/- 15%	0	4,172

(e) Fair Value compared to Carrying Amount

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 District'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 Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

(f) Fair Value recognised in the Statement of Financial Position

The District uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 - derived from quoted prices in active markets for identical assets/liabilities.

Level 2- derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2012 Total \$'000
TCorp Hour-Glass Invt.Facility	0	0	0	0

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

44 Events after the Reporting Period

A national approach to activity based funding (ABF) commences from 1 July 2012 and will make public hospital funding more transparent and help to drive efficiency in the delivery of hospital services. Through ABF, public hospitals will be funded according to the numbers and kinds of services they provide.

The Commonwealth Government will meet 45% of the increase in National Health Reform Agreement expenditure commencing from 2014/15, rising to 50% by 2017/18.

A National efficient price of public hospital services will be determined by the Independent Hospital Pricing Authority for use in calculating the Commonwealth's share of growth.

Commonwealth and State government contributions for public hospital funding will be transparent with both amounts to be provided to Local Health Districts through the National Health Funding Pool. For small hospitals where ABF would not be appropriate, funding will continue to be provided through block grants.

END OF AUDITED FINANCIAL STATEMENTS

