



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 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements 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 2013, 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.

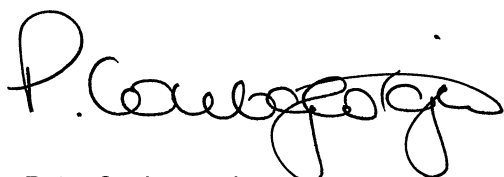
My opinion does *not* provide assurance:

- 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

30 September 2013
SYDNEY

**South Eastern Sydney Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the South Eastern Sydney Local Health District for the year ended 30 June 2013 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;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 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; an
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Terry Clout
Chief Executive
27 September 2013

South Eastern Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2013

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2013	2013	2012		2013	2013	2012	
\$000	\$000	\$000		\$000	\$000	\$000	
Expenses excluding losses							
Operating Expenses							
-----	-----	-----	Employee Related	3	928,425	912,554	909,752
902,384	886,060	854,999	Personnel Services	4	-----	-----	-----
40,642	35,826	38,231	Visiting Medical Officers		40,642	35,826	38,231
372,269	361,765	396,356	Other Operating Expenses	5	372,269	361,765	396,356
49,791	50,132	48,447	Depreciation and Amortisation	2(i), 6	49,791	50,132	48,447
16,878	16,670	10,289	Grants and Subsidies	7	16,878	16,670	10,289
52	179	65	Finance Costs	8	52	179	65
34,332	34,045	31,658	Payments to Affiliated Health Organisations	9	34,332	34,045	31,658
1,416,348	1,384,677	1,380,045	Total Expenses excluding losses		1,442,389	1,411,171	1,434,798
Revenue							
1,105,486	1,067,867	1,072,346	NSW Ministry of Health Recurrent Allocations	2(d)	1,105,486	1,067,867	1,072,346
43,194	43,331	27,250	NSW Ministry of Health Capital Allocations	2(d)	43,194	43,331	27,250
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	26,041	26,494	54,753
235,636	223,354	235,754	Sale of Goods and Services	10	235,636	223,354	235,754
3,562	6,650	2,595	Investment Revenue	11	3,562	6,650	2,595
29,731	25,844	28,442	Grants and Contributions	12	29,731	25,844	28,442
17,948	12,439	14,796	Other Revenue	14	17,948	12,439	14,796
1,435,557	1,379,485	1,381,183	Total Revenue		1,461,598	1,405,979	1,435,936
(478)	-----	(398)	Gain / (Loss) on Disposal	15	(478)	-----	(398)
(3,123)	(2,658)	(1,886)	Other Gains / (Losses)	16	(3,123)	(2,658)	(1,886)
15,608	(7,850)	(1,146)	Net Result	35	15,608	(7,850)	(1,146)
Other Comprehensive Income							
Items that will not be reclassified to net result Net Increase/							
(Decrease) in Property, Plant & Equipment and Emerging							
14,729	-----	17,886	Asset Revaluation Surplus	23,25	14,729	-----	17,886
14,729	-----	17,886	Total Other Comprehensive Income for the year		14,729	-----	17,886
30,337	(7,850)	16,740	TOTAL COMPREHENSIVE INCOME		30,337	(7,850)	16,740

The accompanying notes form part of these financial statements.

**South Eastern Sydney Local Health District
Statement of Financial Position as at 30 June 2013**

PARENT							CONSOLIDATION		
Actual	Budget Unaudited	Actual					Actual	Budget Unaudited	Actual
2013	2013	2012	Notes				2013	2013	2012
\$000	\$000	\$000					\$000	\$000	\$000
ASSETS									
Current Assets									
93,484	83,666	80,940	Cash and Cash Equivalents	19	93,484	83,666	80,940		
63,150	58,006	64,543	Receivables	20	63,150	58,006	64,543		
13,479	12,579	12,197	Inventories	21	13,479	12,579	12,197		
----	5,122	15,739	Financial Assets at Fair Value	22	----	5,122	15,739		
<u>170,113</u>	<u>159,373</u>	<u>173,419</u>			<u>170,113</u>	<u>159,373</u>	<u>173,419</u>		
----	2,271	2,272	Non-Current Assets Held for Sale	26	----	2,271	2,272		
<u>170,113</u>	<u>161,644</u>	<u>175,691</u>	Total Current Assets		<u>170,113</u>	<u>161,644</u>	<u>175,691</u>		
Non-Current Assets									
Property, Plant and Equipment									
852,335	838,382	829,192	- Land and Buildings	23	852,335	838,382	829,192		
67,161	70,709	71,496	- Plant and Equipment	23	67,161	70,709	71,496		
83,564	81,922	86,055	- Infrastructure Systems	23	83,564	81,922	86,055		
<u>1,003,060</u>	<u>991,013</u>	<u>986,743</u>	Total Property, Plant and Equipment		<u>1,003,060</u>	<u>991,013</u>	<u>986,743</u>		
364	364	364	Intangible Assets	24	364	364	364		
31,085	30,508	28,588	Other	25	31,085	30,508	28,588		
<u>1,034,509</u>	<u>1,021,885</u>	<u>1,015,695</u>	Total Non-Current Assets		<u>1,034,509</u>	<u>1,021,885</u>	<u>1,015,695</u>		
<u>1,204,622</u>	<u>1,183,529</u>	<u>1,191,386</u>	Total Assets		<u>1,204,622</u>	<u>1,183,529</u>	<u>1,191,386</u>		
LIABILITIES									
Current Liabilities									
93,132	109,678	108,809	Payables	28	93,132	109,678	108,809		
425	(459)	----	Borrowings	29	425	(459)	----		
155,559	152,428	153,111	Provisions	30	155,559	152,428	153,111		
1,737	2,981	1,741	Other	31	1,737	2,981	1,741		
<u>250,853</u>	<u>264,628</u>	<u>263,661</u>	Total Current Liabilities		<u>250,853</u>	<u>264,628</u>	<u>263,661</u>		
Non-Current Liabilities									
----	1,211	1,483	Borrowings	29	----	1,211	1,483		
800	1,852	1,851	Provisions	30	800	1,852	1,851		
11,871	13,134	13,134	Other	31	11,871	13,134	13,134		
<u>12,671</u>	<u>16,197</u>	<u>16,468</u>	Total Non-Current Liabilities		<u>12,671</u>	<u>16,197</u>	<u>16,468</u>		
<u>263,524</u>	<u>280,825</u>	<u>280,129</u>	Total Liabilities		<u>263,524</u>	<u>280,825</u>	<u>280,129</u>		
<u>941,098</u>	<u>902,704</u>	<u>911,257</u>	Net Assets		<u>941,098</u>	<u>902,704</u>	<u>911,257</u>		
EQUITY									
32,475	17,746	17,746	Reserves		32,475	17,746	17,746		
908,623	884,818	893,371	Accumulated Funds		908,623	884,818	893,371		
Amounts Recognised in Equity Relating to Assets									
----	140	140	Held for Sale		----	140	140		
<u>941,098</u>	<u>902,704</u>	<u>911,257</u>	Total Equity		<u>941,098</u>	<u>902,704</u>	<u>911,257</u>		

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 2013

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Available For Sale Reserve \$000	Total \$000
Balance at 1 July 2012		893,371	17,746	140	911,257
Changes in Accounting Policy		-----	-----	-----	-----
Correction of Errors		-----	-----	-----	-----
Total Equity at 1 July 2012		893,371	17,746	140	911,257
Net Result for the year		15,608			15,608
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		-----	14,729	-----	14,729
Available for Sale Financial Assets:					
-Valuation Gains/(Losses)		-----	-----	-----	-----
-Transfers on Disposal		140	-----	(140)	-----
Changes in Restoration Liability		-----	-----	-----	-----
Other		-----	-----	-----	-----
Total Other Comprehensive Income		140	14,729	(140)	14,729
Total Comprehensive Income for the year		15,748	14,729	(140)	30,337
Transactions With Owners In Their Capacity As Owners					
Increase/(Decrease) in Net Assets From Equity Transfers	39	(496)	-----	-----	(496)
Balance at 30 June 2013		908,623	32,475	-----	941,098
Balance at 1 July 2011		887,343	-----	-----	887,343
Changes in Accounting Policy		-----	-----	-----	-----
Correction of Errors		-----	-----	-----	-----
Total Equity at 1 July 2011		887,343	-----	-----	887,343
Net Result for the year		(1,146)			(1,146)
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		-----	17,746	140	17,886
Available for Sale Financial Assets:					
-Valuation Gains/(Losses)		-----	-----	-----	-----
-Transfers on Disposal		-----	-----	-----	-----
Changes in Restoration Liability		-----	-----	-----	-----
Other		-----	-----	-----	-----
Total Other Comprehensive Income		-----	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	39	7,174	-----	-----	7,174
Balance at 30 June 2012		893,371	17,746	140	911,257

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 2013

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
-----	-----	-----				
(59,564)	(59,068)	(26,155)		(910,296)	(899,915)	(844,072)
(8)	(120)	(65)		(59,564)	(59,068)	(26,155)
(1,408,189)	(1,362,384)	(1,337,383)		(8)	(120)	(65)
				(497,893)	(462,469)	(493,311)
<u>(1,467,761)</u>	<u>(1,421,572)</u>	<u>(1,363,603)</u>		<u>(1,467,761)</u>	<u>(1,421,572)</u>	<u>(1,363,603)</u>
Receipts						
1,105,486	1,067,867	1,072,346		1,105,486	1,067,867	1,072,346
43,194	43,331	27,250		43,194	43,331	27,250
-----	-----	-----		-----	-----	-----
14,327	14,327	11,592		14,327	14,327	11,592
270,109	264,154	283,624		270,109	264,154	283,624
3,562	126	8,672		3,562	126	8,672
50,930	46,759	27,668		50,930	46,759	27,668
29,930	34,648	8,720		29,930	34,648	8,720
<u>1,517,538</u>	<u>1,471,212</u>	<u>1,439,872</u>		<u>1,517,538</u>	<u>1,471,212</u>	<u>1,439,872</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
<u>49,777</u>	<u>49,640</u>	<u>76,269</u>	35	<u>49,777</u>	<u>49,640</u>	<u>76,269</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
2,358	-----	4,439		2,358	-----	4,439
-----	-----	-----		-----	-----	-----
(54,425)	(56,321)	(67,742)		(54,425)	(56,321)	(67,742)
15,739	10,637	52,541		15,739	10,637	52,541
<u>(36,328)</u>	<u>(45,684)</u>	<u>(10,762)</u>		<u>(36,328)</u>	<u>(45,684)</u>	<u>(10,762)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
-----	-----	-----		-----	-----	-----
(1,102)	(790)	1,379		(1,102)	(790)	1,379
<u>(1,102)</u>	<u>(790)</u>	<u>1,379</u>		<u>(1,102)</u>	<u>(790)</u>	<u>1,379</u>
NET INCREASE / (DECREASE) IN CASH						
12,347	3,166	66,886		12,347	3,166	66,886
80,940	80,940	7,609		80,940	80,940	7,609
197	(440)	6,445	39	197	(440)	6,445
<u>93,484</u>	<u>83,666</u>	<u>80,940</u>	19	<u>93,484</u>	<u>83,666</u>	<u>80,940</u>

The accompanying notes form part of these financial statements.

South Eastern Sydney Local Health District
Service Group Statements
for the year ended 30 June 2013

SESLHD EXPENSES AND INCOME	Service Group Primary And Community Based Services		Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Total				
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2012		
	\$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	30,731	30,113	2,785	2,729	133,786	131,085	89,974	471,362	461,883	75,110	73,599	80,587	78,966	20,611	20,196	21,632	21,197						928,425	909,752	
Employee Related	199	187		1	5,873	5,524	1,923	29,413	27,668	1,634	1,537	382	359	772	726	325	306						40,642	38,231	
Visiting Medical Officers	8,190	8,720	447	476	81,974	87,278	32,303	206,013	219,343	14,705	15,655	20,251	21,582	5,919	6,302	4,430	4,717						372,269	396,356	
Other Operating Expenses	1,250	1,216	45	43	9,973	9,704	3,610	26,323	25,614	2,246	2,185	4,113	4,002	682	664	1,549	1,507						48,791	48,447	
Depreciation and Amortisation	3,367	2,053			7,001	4,268	10	6	77	48	2,186	1,332	1,698	1,035	2,532	1,543	7	4						16,878	10,289
Grants and Subsidies	3	3																						65	65
Finance Costs	1,411	1,301																						34,333	31,658
Payments to Affiliated Health Organisations																									
Other Expenses																									
Total Expenses excluding losses	45,151	43,593	3,277	3,249	238,607	237,869	127,825	733,432	734,793	95,887	94,315	139,748	136,095	30,518	29,433	27,945	27,733						1,442,390	1,434,798	
Revenue																									
NSW Ministry of Health Recurrent Allocations **																									
NSW Ministry of Health Capital Allocations **																									
Transfers to the NSW Ministry of Health																									
Acceptance by the Crown Entity																									
of Employee Benefits and Other Liabilities	862	1,812	78	164	3,753	7,890	2,575	13,221	27,797	2,107	4,430	2,260	4,753	578	1,216	607	1,276						26,041	54,753	
Sale of Goods and Services	495	495	118	118	56,081	56,109	4,854	116,239	116,297	3,063	3,063	54,385	54,412	212	212	189	189						236,636	235,754	
Investment Revenue	6	4			864	630	58	1,719	1,250	15	11	894	652	2	2	4	3						3,562	2,595	
Grants and Contributions	98	94			2,557	2,446	86	2,700	2,563	21	20	10,608	10,148	5,869	5,614	7,792	7,455						29,731	28,442	
Other Revenue	1,025	845	57	48	2,217	1,827	1,298	8,380	6,908	1,509	1,244	2,418	1,993	409	337	635	524						17,948	14,795	
Total Revenue	2,486	3,250	253	330	65,472	66,902	8,871	142,259	154,835	6,715	8,770	70,565	71,958	7,070	7,381	9,227	9,447						1,461,598	1,435,936	
Gain/ (Loss) on Disposal	(12)	(10)		(1)	(96)	(80)	(35)	(252)	(210)	(23)	(18)	(39)	(33)	(7)	(5)	(15)	(12)						(398)	(398)	
Other Gains / (Losses)	(7)	(4)		(2)	(743)	(449)	(64)	(1,540)	(929)	(41)	(25)	(721)	(435)	(3)	(2)	(2)	(2)						(3,123)	(1,866)	
Net Result	(42,684)	(40,357)	(3,026)	(2,921)	(173,974)	(169,496)	(119,053)	(592,965)	(581,097)	(89,235)	(85,588)	(69,943)	(64,605)	(23,459)	(22,059)	(18,735)	(18,300)						15,607	(1,146)	
Other Comprehensive Income																									
Increase/(Decrease) in Revaluation Surplus	370	449	13	16	2,950	3,583	1,068	7,789	9,457	664	807	1,215	1,476	202	245	458	556						14,729	17,886	
Other (SPECIFY)	370	449	13	16	2,950	3,583	1,068	7,789	9,457	664	807	1,215	1,476	202	245	458	556						14,729	17,886	
Total Other Comprehensive Income	(42,314)	(39,908)	(3,013)	(2,905)	(171,024)	(165,913)	(117,985)	(585,176)	(571,640)	(86,571)	(84,781)	(68,728)	(63,129)	(23,256)	(21,814)	(18,277)	(17,744)						30,336	16,740	

Service Group Statements focus on the key measures of service delivery performance, refer note 2ae).

** The name and purpose of each service group is summarised in Note 18

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

The Ministry of Health, in conjunction with all health entities, undertook an analysis of service group statements to ensure that the National Health Funding reforms definitions are consistently applied to 2011/12 and 2012/13 financial statements. Using the statistical data for twelve months ending 30 June 2012, new percentages were derived which resulted in variances in several service groups for the 2011/12 comparative year, which have been restated. Please refer to last Years Annual Financial Statements for the quoted 2011/12 Service Group Statements.

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

SES/HD 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		Not Attributable		Total		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
	\$000	\$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	2,926	2,459	15,465	13,419	8,285	7,205	47,535	41,451	6,215	5,321	9,057	7,677	14,897	14,575	821	839	31,838	31,150	7,460	6,750	8,060	1,401	1,201
Receivables	133	136	15,030	15,361	1,301	1,330	31,150	31,838	821	839	14,575	14,897	14,897	14,575	821	839	31,150	31,838	7,460	6,750	8,060	1,401	1,201
Inventories	297	268	14	2,968	2,686	1,099	7,460	8,060	532	482	733	664	733	664	532	482	733	664	532	482	733	664	532
Financial Assets at Fair Value	478	478	2,609	2,609	1,401	1,401	8,060	8,060	1,035	1,035	1,035	1,493	1,493	1,035	1,035	1,035	1,493	1,493	1,035	1,035	1,035	1,493	1,493
Other Financial Assets																							
Other	57	57	455	455	165	165	1,201	1,201	102	102	188	188	188	188	102	102	188	188	102	102	188	188	102
Non-Current Assets Held for Sale																							
Total Current Assets	3,356	3,398	34,530	34,530	10,685	11,095	86,145	89,300	7,568	7,779	24,365	24,919	24,365	24,919	2,249	2,266	170,113	170,113	2,022	2,022	2,136	2,136	175,691
Non-Current Assets																							
Receivables																							
Financial Assets at Fair Value																							
Other Financial Assets																							
Property, Plant and Equipment																							
- Land and Buildings	21,394	20,813	170,723	166,087	61,794	60,116	450,629	438,394	38,440	37,397	70,403	68,491	5,906	5,906	3,029	3,224	3,029	3,224	3,029	3,224	3,029	3,224	3,029
- Plant and Equipment	1,686	1,795	13,452	14,321	4,869	5,183	35,508	37,800	3,029	3,224	5,547	5,906	6,902	7,108	1,145	1,179	6,902	7,108	1,145	1,179	6,902	7,108	1,145
- Infrastructure Systems	2,097	2,160	16,738	17,237	6,058	6,239	44,181	45,497	3,769	3,881	6,902	7,108	6,902	7,108	1,145	1,179	6,902	7,108	1,145	1,179	6,902	7,108	1,145
Intangible Assets	9	9	73	73	26	26	194	194	16	16	30	30	30	30	16	16	30	30	16	16	30	30	16
Other	973	869	5,142	4,739	2,755	2,545	15,806	14,641	2,066	1,879	3,012	2,712	2,712	3,012	2,066	1,879	15,806	14,641	2,066	1,879	3,012	2,712	15,806
Total Non-Current Assets	26,159	25,646	206,128	202,457	75,502	74,109	546,318	536,524	47,320	46,397	85,894	84,247	85,894	84,247	14,405	14,109	1,034,509	1,034,509	33,831	33,831	33,990	33,990	1,015,695
TOTAL ASSETS	29,515	29,044	1,234	1,220	239,591	236,987	632,463	625,824	54,888	54,176	110,259	109,166	110,259	109,166	16,654	16,375	1,204,622	1,204,622	33,831	33,831	33,990	33,990	1,191,396
LIABILITIES																							
Current Liabilities																							
Payables	2,049	2,394	20,508	23,960	7,590	8,868	51,539	60,215	3,679	4,298	5,066	5,919	41	41	28	28	41	41	28	28	41	41	28
Borrowings	13	13	70	70	38	38	217	217	28	28	41	41	41	41	28	28	41	41	28	28	41	41	28
Provisions	5,149	5,068	22,416	22,063	15,385	15,143	78,976	77,734	12,387	12,387	13,503	13,290	13,503	13,290	3,453	3,399	13,503	13,290	3,453	3,399	3,625	3,568	153,111
Other	54	53	287	289	154	155	883	892	115	114	168	165	168	165	37	36	168	165	37	36	34	33	1,737
Total Current Liabilities	7,265	7,515	43,281	46,312	23,167	24,166	131,615	138,841	16,407	16,799	18,778	19,374	18,778	19,374	4,980	5,165	250,853	250,853	4,775	4,895	4,895	4,895	263,661
Non-Current Liabilities																							
Borrowings																							
Provisions	45	45	246	246	132	132	759	759	97	97	141	141	141	141	30	30	141	141	30	30	30	30	1,483
Other	372	399	1,964	2,177	1,052	1,169	6,036	6,726	789	863	1,150	1,246	1,150	1,246	251	269	1,150	1,246	251	269	230	255	11,871
Total Non-Current Liabilities	417	444	2,210	2,423	1,184	1,301	6,795	7,485	886	960	1,291	1,387	1,291	1,387	281	299	1,291	1,387	281	299	260	285	13,134
TOTAL LIABILITIES	7,682	7,959	45,491	48,735	24,351	25,467	138,410	146,326	17,293	17,759	20,069	20,761	20,069	20,761	5,261	5,464	262,144	262,144	5,056	5,224	5,155	5,155	280,129
NET ASSETS	21,852	21,024	194,231	187,985	61,889	61,889	494,405	478,558	37,827	36,267	90,262	89,244	90,262	89,244	11,405	10,870	941,098	941,098	28,077	28,168	28,135	28,135	911,257

* The name and purpose of each service group is summarised in Note 18

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(e.e), 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 2013

1. The Reporting Entity

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

The SESLHD as a reporting entity, comprises all the entities under its control, namely;

- * 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 SESLHD.
- * The SESLHD 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. This Division provides personnel services to enable the SESLHD 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 entity. 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 SESLHD is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive on 27 September 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The SESLHD'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' Directions. Apart from the basis for the SESLHD'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 \$80.7m (2012 deficiency of \$88.m) 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 SESLHD have been prepared on a going concern basis.

The Director General of Health, the Chair of South Eastern Sydney Local Health District Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The service agreement sets out the level of financial resources for public health services under the SESLHD's control and the source of these funds. By agreement, the service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the SESLHD fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management

Other mitigating circumstances why the going concern is appropriate include:

- * Appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and
- * The SESLHD 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 SESLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the SESLHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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

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 twelve month period.

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 17.3% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were 17.8%).

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

The SESLHD 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 and other liabilities'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the SESLHD as shown in Note 30.

Long Service Leave is measured at present value in accordance with AASB 119, 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 factors were determined based on an actuarial review to approximate present value.

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

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 28, 'Payables'.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. 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 SESLHD 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 SESLHD's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

c) Finance Costs

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 entities.

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. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

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. Revenue is recognised when the drugs have been provided to the patient.

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. The SESLHD, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

South Eastern Sydney Local Health District
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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. For inpatient services, revenue is recognised by the SESLHD on an accrual basis by reference to patient admissions. Non admitted patients are recognised by the Ministry of Health in the form of a block grant.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Rental revenue from operating leases is recognised in accordance with AASB 117, Leases on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB 118, Revenue when the SESLHD's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB 118, 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 SESLHD use in the advancement of the SESLHD or individuals within it.

Use of Outside Facilities

The SESLHD 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 SESLHD 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 SESLHD 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.

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

From 1 July 2012, interstate patient flows are funded through the state pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation.

In the previous year, the SESLHD recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 10.

g) Acquisition of Assets

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

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 requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised 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 SESLHD are deemed to be controlled by the SESLHD and are reflected as such in the financial statements.

h) Capitalisation Thresholds

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

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 SESLHD. 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%

South Eastern Sydney Local Health District
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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. Depreciation rates are unchanged from previous years.

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 AASB 116, Property, Plant and Equipment and AASB 140, 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 SESLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the SESLHD was completed in the 30 June 2012 financial year and was based on an independent assessment.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations.

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 revaluation surplus, 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, 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 revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

South Eastern Sydney Local Health District
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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 SESLHD is effectively exempt from AASB 136, Impairment of Assets.

This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Assets Not Able to be Reliably Measured

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

The asset is a unique Pathology Collection, which normally resides at Sydney Hospital with Lucy Osbourne. Parts of the collection are currently on loan to a range of associated educational and health institutions.

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

p) Intangible Assets

The SESLHD recognises intangible assets only if it is probable that future economic benefits will flow to the SESLHD 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.

South Eastern Sydney Local Health District
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Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the SESLHD's intangible assets, the assets are carried at cost less any accumulated amortisation.

Computer software developed or acquired by the SESLHD are recognised as intangible assets and are amortised over five 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, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the 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 SESLHD 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 SESLHD subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

South Eastern Sydney Local Health District
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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 SESLHD's key management personnel.

The risk management strategy of the SESLHD 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 SESLHD 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 SESLHD 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.

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.

South Eastern Sydney Local Health District
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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 SESLHD transfers the financial asset:

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

Where the SESLHD has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the SESLHD'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 SESLHD 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 SESLHD.

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 entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities 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 AASB 1004, 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 entity does not recognise that asset.

aa) Equity and Reserves

(i) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the SESLHD'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.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

ab) Trust Funds

The SESLHD receives monies in a trustee capacity for various trusts as set out in Note 33.

As the SESLHD performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the SESLHD's own objectives, they are not brought to account in the financial statements.

ac) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health 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 SESLHD's emerging interest in the St George, Sydney and Prince of Wales Hospitals Car Parks has been valued in accordance with the Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required the SESLHD 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 of STG 6.61%, SYD 9.47% & POW 7.23% at commencement of the concession period.

ae) Service Group Statements Allocation Methodology

The Ministry of Health, in conjunction with all health entities, undertook an analysis of service group statements to ensure that the National Health Funding reforms definitions are consistently applied to 2011/12 and 2012/13 financial statements. Using the statistical data for twelve months ending 30 June 2012, new percentages were derived which resulted in variances in several service groups for the 2011/12 comparative year, which have been restated.

The data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2012/13 year. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires the SESLHD 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

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. 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.

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

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 a material impact.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions 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 2013/14 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 SESLHD.

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 SESLHD.

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 policy of NSW Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the SESLHD.

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 policy of NSW 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 of 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 exemption is not expected to have a material impact.

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. For not-for-profits, the changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

AASB 2011-11, Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements, applicable from 1 July 2013 assessed as having no material impact.

The following changes will depend on the policies determined by NSW Treasury.

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AASB 2012-1, Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements. Sets out reduced disclosure requirements as a consequence of the issuance of AASB 13, having application from 1 July 2013.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2012-4, Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards'). Applicable to reporting periods on or after 1 January 2013.

AASB 2012-5 regarding annual improvements 2009 to 2011 cycle. Applicable to reporting periods on or after 1 January

AASB 2012-7, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Applicable to reporting periods on or after 1 July 2013.

AASB 2012-9, Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-10, Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-11, Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments, having application from 1 July 2013.

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements, having application from 1 July 2014.

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	609,226	585,110
----	----	Overtime	32,139	33,441
----	----	Penalties	58,554	56,565
----	----	Superannuation - Defined Benefit Plans	11,482	12,117
----	----	Superannuation - Defined Contribution Plans	65,429	58,367
----	----	Long Service Leave	14,468	50,205
----	----	Annual Leave	78,861	75,850
----	----	Sick Leave and Other Leave	46,001	26,064
----	----	Redundancies	1,450	1,407
----	----	Workers' Compensation Insurance	11,208	10,770
----	----	Payroll Tax and Fringe Benefits Tax	(393)	(144)
----	----	Other Staff Related	----	----
-----	-----		928,425	909,752
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
609,226	585,110	Salaries and Wages	----	----
32,139	33,441	Overtime	----	----
58,554	56,565	Penalties	----	----
(54)	(9)	Superannuation - Defined Benefit Plans	----	----
65,429	58,367	Superannuation - Defined Contribution Plans	----	----
(37)	7,578	Long Service Leave	----	----
78,861	75,850	Annual Leave	----	----
46,001	26,064	Sick Leave and Other Leave	----	----
1,450	1,407	Redundancies	----	----
11,208	10,770	Workers' Compensation Insurance	----	----
(393)	(144)	Payroll Tax and Fringe Benefits Tax	----	----
----	----	Other Staff Related	----	----
902,384	854,999		-----	-----
5. Other Operating Expenses				
8,283	9,947	Blood and Blood Products	8,283	9,947
52	68	Capital Project Expense	52	68
17,766	17,129	Domestic Supplies and Services	17,766	17,129
80,923	79,153	Drug Supplies	80,923	79,153
22,480	22,225	Food Supplies	22,480	22,225
13,101	10,711	Fuel, Light and Power	13,101	10,711
17,671	39,323	General Expenses (See (b) below)	17,671	39,323
4,483	3,942	Hospital Ambulance Transport Costs	4,483	3,942
16,063	12,711	Information Management Expenses	16,063	12,711
1,945	1,065	Insurance	1,945	1,065
----	----	Interstate Patient Outflows	----	----
----	----	Maintenance (See (c) below)	----	----
10,678	8,314	Maintenance Contracts	10,678	8,314
7,190	7,114	New/Replacement Equipment under \$10,000	7,190	7,114
10,661	11,520	Repairs Maintenance/Non Contract	10,661	11,520
(536)	(420)	Other	(536)	(420)
70,489	71,053	Medical and Surgical Supplies	70,489	71,053
1,287	1,067	Motor Vehicle Expenses	1,287	1,067
2,750	2,762	Postal and Telephone Costs	2,750	2,762
3,680	3,930	Printing and Stationery	3,680	3,930
1,536	2,069	Rates and Charges	1,536	2,069
3,216	3,162	Rental	3,216	3,162
----	----	Hosted services purchased from Other LHDs	----	----
59,007	70,042	Special Service Departments	59,007	70,042
7,207	7,369	Staff Related Costs	7,207	7,369
6,068	6,331	Sundry Operating Expenses (See (a) below)	6,068	6,331
6,269	5,769	Travel Related Costs	6,269	5,769
372,269	396,356		372,269	396,356

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
6. Depreciation and Amortisation				
32,309	31,954	Depreciation - Buildings	32,309	31,954
13,330	12,369	Depreciation - Plant and Equipment	13,330	12,369
4,152	4,124	Depreciation - Infrastructure Systems	4,152	4,124
49,791	48,447		49,791	48,447
7. Grants and Subsidies				
13,042	8,263	Non-Government Organisations	13,042	8,263
1,786	769	Community Aged Care Packages	1,786	769
502	115	Grants to Research Orgs	502	115
63	158	Promotion of Research	63	158
1,485	984	Other Grants	1,485	984
16,878	10,289		16,878	10,289
8. Finance Costs				
44	----	Interest on Loans	44	----
8	65	Other Interest Charges	8	65
52	65	Total Finance Costs	52	65
9. Payments to Affiliated Health Organisations				
(a) Recurrent Sourced				
21,230	18,223	Calvary Hospital	21,230	18,223
11,840	10,894	War Memorial Hospital Waverley	11,840	10,894
1,262	1,245	Eastern Sydney Scarba Centre	1,262	1,245
34,332	30,362		34,332	30,362
(b) Capital Sourced				
----	1,296	St Vincents Hospital	----	1,296
-----	1,296		-----	1,296
34,332	31,658	Total Payments to Affiliated Health Organisations	34,332	31,658

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
6,972	6,705	Sale of Prosthesis	6,972	6,705
205	203	Other	205	203
1,126	1,441	Pharmacy Sales	1,126	1,441
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
83,756	72,879	- Inpatient Fees	83,756	72,879
123	92	- Nursing Home Fees	123	92
2,769	4,750	- Non Inpatient Fees	2,769	4,750
27,085	30,910	Department of Veterans' Affairs	27,085	30,910
506	373	Staff-Meals and Accommodation	506	373
20,878	19,542	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	20,878	19,542
9,760	8,512	- Annual Charge	9,760	8,512
15	19	Cafeteria/Kiosk	15	19
1,418	1,151	Car Parking	1,418	1,151
737	798	Child Care Fees	737	798
220	195	Clinical Services (excluding Clinical Drug Trials)	220	195
13,904	25,217	Commercial Activities	13,904	25,217
14	13	Enteral Nutrition Income	14	13
230	248	Fees for Medical Records	230	248
3	-----	Information Retrieval	3	-----
49,667	45,191	High Cost Drugs	49,667	45,191
12,111	7,543	Motor Accident Authority Third Party	12,111	7,543
-----	5,438	Patient Inflows from Interstate*	-----	5,438
1	1	Patient Transport Fees	1	1
146	130	Private Use of Motor Vehicles	146	130
-----	(107)	Salary Packaging Fee	-----	(107)
1,562	-----	Hosted services provided to Other LHDs	1,562	-----
2,358	2,992	Services Provided to Non NSW Health Organisations	2,358	2,992
70	1,518	Other	70	1,518
235,636	235,754		235,636	235,754
*From 1 July 2012, interstate patient flows are paid through the state pool account. As a result, these funds are now recognised through recurrent allocation. Refer note 2(f).				
11. Investment Revenue				
		Interest		
1,910	(43)	- T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	1,910	(43)
1,652	2,462	- Other	1,652	2,462
-----	176	Other	-----	176
3,562	2,595		3,562	2,595

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
12. Grants and Contributions				
2,441	4,711	Clinical Drug Trials	2,441	4,711
6,297	518	Commonwealth Government Grants	6,297	518
230	186	Commonwealth Teaching Hospital Grants	230	186
4,664	4,873	Industry Contributions/Donations	4,664	4,873
7,987	6,410	Cancer Institute Grants	7,987	6,410
2,855	7,373	NSW Government Grants	2,855	7,373
722	775	Research Grants	722	775
4,535	3,596	Other Grants	4,535	3,596
<u>29,731</u>	<u>28,442</u>		<u>29,731</u>	<u>28,442</u>
13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-----	-----	Superannuation-defined benefit	11,536	12,126
-----	-----	Long Service Leave	14,505	42,627
<u>-----</u>	<u>-----</u>		<u>26,041</u>	<u>54,753</u>
14. Other Revenue				
Other Revenue comprises the following:-				
-----	14	Bad Debts Recovered	-----	14
338	351	Commissions	338	351
259	153	Conference and Training Fees	259	153
31	71	Discounts	31	71
117	52	Insurance Refunds	117	52
6,474	6,077	Lease and Rental Income	6,474	6,077
1,000	3,024	Property not Previously Recognised	1,000	3,024
151	57	Sale of Merchandise, Old Wares and Books	151	57
89	71	Sponsorship Income	89	71
804	3,450	Treasury Managed Fund Hindsight Adjustment	804	3,450
4	-----	Unclaimed Deposits	4	-----
8,681	1,476	Other	8,681	1,476
<u>17,948</u>	<u>14,796</u>		<u>17,948</u>	<u>14,796</u>

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
15. Gain / (Loss) on Disposal				
11,592	17,164	Property, Plant and Equipment	11,592	17,164
11,028	16,609	Less: Accumulated Depreciation	11,028	16,609
<u>564</u>	<u>555</u>	Written Down Value	<u>564</u>	<u>555</u>
235	157	Less: Proceeds from Disposal	235	157
<u>(329)</u>	<u>(398)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(329)</u>	<u>(398)</u>
2,272	-----	Assets Held for Sale	2,272	-----
2,123	-----	Less: Proceeds from Disposal	2,123	-----
<u>(149)</u>	<u>-----</u>	Gain/(Loss) on Disposal of Assets Held for Sale	<u>(149)</u>	<u>-----</u>
<u>(478)</u>	<u>(398)</u>	Total Gain/(Loss) on Disposal	<u>(478)</u>	<u>(398)</u>
16. Other Gains / (Losses)				
(3,123)	(1,886)	Impairment of Receivables	(3,123)	(1,886)
<u>(3,123)</u>	<u>(1,886)</u>		<u>(3,123)</u>	<u>(1,886)</u>

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PARENT & CONSOLIDATION

17. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	375	4,550	-----	4,925
Contributions recognised in previous years which were not expended in the current reporting period	2,017	80,306	-----	82,323
Total amount of unexpended contributions as at balance date	2,392	84,856	-----	87,248

Comment on restricted assets appears in Note 27

South Eastern Sydney Local Health District
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18. Service Groups of the SESLHD

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 program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that 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 road and air ambulance services and treatment of patients in 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 hospitals, including elective surgery and maternity services.

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

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

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 illnesses and mental health problems. It also covers the development of preventative programs that 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
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
19. Cash and Cash Equivalents				
13,874	20,182	Cash at Bank and On Hand	13,874	20,182
<u>79,610</u>	<u>60,758</u>	Short Term Deposits	<u>79,610</u>	<u>60,758</u>
<u>93,484</u>	<u>80,940</u>		<u>93,484</u>	<u>80,940</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>93,484</u>	<u>80,940</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>93,484</u>	<u>80,940</u>
<u>93,484</u>	<u>80,940</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>93,484</u>	<u>80,940</u>

Refer to Note 40 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		20. Receivables		
		Current		
30,078	25,743	Sale of Goods and Services	30,078	25,743
27,218	26,763	Intra Health Receivables	27,218	26,763
2,056	4,189	Goods and Services Tax	2,056	4,189
5,949	9,048	Other Debtors	5,949	9,048
<u>65,301</u>	<u>65,743</u>	Sub Total	<u>65,301</u>	<u>65,743</u>
(5,679)	(4,241)	Less Allowance for Impairment	(5,679)	(4,241)
59,622	61,502	Sub Total	59,622	61,502
3,528	3,041	Prepayments	3,528	3,041
<u>63,150</u>	<u>64,543</u>		<u>63,150</u>	<u>64,543</u>
		(a) Movement in the Allowance for Impairment		
-----	-----	Sale of Goods and Services		
(4,018)	(382)	Balance at Commencement of Reporting Period	(4,018)	(382)
1,667	(1,994)	Amounts written off during the year	1,667	(1,994)
(2,852)	(1,642)	(Increase)/decrease in Allowance Recognised in Result for the Year	(2,852)	(1,642)
<u>(5,203)</u>	<u>(4,018)</u>	Balance at 30 June	<u>(5,203)</u>	<u>(4,018)</u>
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(222)	-----	Balance at Commencement of Reporting Period	(222)	-----
17	21	Amounts written off during the year	17	21
(271)	(244)	(Increase)/decrease in Allowance Recognised in Result for the Year	(271)	(244)
<u>(476)</u>	<u>(222)</u>	Balance at 30 June	<u>(476)</u>	<u>(222)</u>
<u>(5,679)</u>	<u>(4,240)</u>		<u>(5,679)</u>	<u>(4,240)</u>
		Non-Current		
		(c) Patient Fee Receivables		
		(Current and Non-Current) include:		
(1,395)	1,424	Patient Fees - Compensable	(1,395)	1,424
7,256	5,676	Patient Fees - Ineligible	7,256	5,676
13,852	12,426	Patient Fees - Other	13,852	12,426
<u>19,713</u>	<u>19,526</u>		<u>19,713</u>	<u>19,526</u>

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

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
21. Inventories - Current - Held for Distribution				
6,031	5,146	Drugs	6,031	5,146
7,434	7,051	Medical and Surgical Supplies	7,434	7,051
14	-----	Food and Hotel Supplies	14	-----
13,479	12,197		13,479	12,197

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
22. Financial Assets at Fair Value				
Current				
-----	15,739	Treasury Corporation - Hour-Glass Investment Facilities	-----	15,739
-----	15,739		-----	15,739

Refer to Note 40 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
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
23. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,538,528	1,469,876	Gross Carrying Amount	1,538,528	1,469,876
<u>686,193</u>	<u>640,684</u>	Less: Accumulated Depreciation and Impairment	<u>686,193</u>	<u>640,684</u>
<u>852,335</u>	<u>829,192</u>	Net Carrying Amount	<u>852,335</u>	<u>829,192</u>
Plant and Equipment - Cost				
155,246	157,288	Gross Carrying Amount	155,246	157,288
<u>88,085</u>	<u>85,792</u>	Less: Accumulated Depreciation and Impairment	<u>88,085</u>	<u>85,792</u>
<u>67,161</u>	<u>71,496</u>	Net Carrying Amount	<u>67,161</u>	<u>71,496</u>
Infrastructure Systems - Fair Value				
168,333	165,038	Gross Carrying Amount	168,333	165,038
<u>84,769</u>	<u>78,983</u>	Less: Accumulated Depreciation and Impairment	<u>84,769</u>	<u>78,983</u>
<u>83,564</u>	<u>86,055</u>	Net Carrying Amount	<u>83,564</u>	<u>86,055</u>
<u>1,003,060</u>	<u>986,743</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,003,060</u>	<u>986,743</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT & CONSOLIDATION

23. 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
2013								
Net Carrying Amount at Start of Year	163,162	637,410	28,621	----	71,496	86,055	----	986,744
Additions	1,000	929	41,167	----	8,555	(4)	----	51,647
Reclassifications to Intangibles	----	----	----	----	----	----	----	----
Recognition of Assets Held for Sale	----	----	----	----	----	----	----	----
Disposals	----	----	----	----	(564)	----	----	(564)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	13	----	----	13
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	1,411	12,327	----	----	----	1,665	----	15,403
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----	----	----
Depreciation Expense	----	(32,309)	----	----	(13,330)	(4,152)	----	(49,791)
Reclassifications	----	11,108	(12,491)	----	991	----	----	(392)
Net Carrying Amount at End of Year	165,573	629,465	57,297	0	67,161	83,564	0	1,003,060

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

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 SESLHD [see note 2(g)].
- (ii) Land and Buildings were valued in the 2011/12 financial year by George Nelson (NSW Registration No. 2265) in accordance with note 2(j). George Nelson (NSW Registration No. 2265) is not an employee of the SESLHD.
- (iii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value. The following table details the indices applied to Non Current Assets as determined by CB Richard Ellis :

Year	Land	Buildings	Infrastructure
2010/11	N/A	N/A	N/A
2011/12	N/A	N/A	N/A
2012/13	1%	2%	2%

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		24. Intangible Assets		
		Intangibles		
2,773	2,773	Cost (Gross Carrying Amount)	2,773	2,773
2,409	2,409	Less Accumulated Amortisation and Impairment	2,409	2,409
364	364	Net Carrying Amount	364	364
364	364	Total Intangible Assets at Net Carrying Amount	364	364

PARENT & CONSOLIDATION

24. Intangibles - Reconciliation

	Intangibles \$000
2013	
Net Carrying Amount at Start of Year	364
Additions (From Internal Development or Acquired Separately)	----
Reclassifications from Plant & Equipment	----
Disposals	----
Assets Held for Sale	----
Impairment Losses	----
Amortisation (Recognised in Depreciation and Amortisation)	----
Other Movements (SPECIFY)	----
Net Carrying Amount at End of Year	364

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

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		25. Other Assets		
		Non-Current		
31,085	28,588	Emerging Rights to Assets (refer Note 2(ad))	31,085	28,588
31,085	28,588		31,085	28,588

Movement in Emerging Assets:

Amount recognised in Note 14 (Other Revenue) \$3.171M

Amount recognised in Statement of Changes in Equity \$-0.674M

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		26. Non-Current Assets (or Disposal Groups) Held for Sale		
		Assets Held for Sale		
-----	2,272	Land and Buildings	-----	2,272
-----	<u>2,272</u>		-----	<u>2,272</u>

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		27. Restricted Assets		
<p>The SESLHD'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.</p>				
Category				
41,321	39,830	Specific Purposes	41,321	39,830
18,484	17,532	Research Grants	18,484	17,532
27,443	24,961	Private Practice Funds	27,443	24,961
-----	-----		-----	-----
<u>87,248</u>	<u>82,323</u>		<u>87,248</u>	<u>82,323</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		28. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	20,349	16,438
-----	-----	Taxation and Payroll Deductions	6,899	5,550
27,248	21,988	Accrued Liability - Purchase of Personnel Services	-----	-----
46,247	49,207	Creditors	46,247	49,207
		Other Creditors		
-----	1,692	- Capital Works	-----	1,692
10,562	23,556	- Intra Health Liability	10,562	23,556
9,075	12,366	- Other	9,075	12,366
<u>93,132</u>	<u>108,809</u>		<u>93,132</u>	<u>108,809</u>

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

		29. Borrowings		
		Current		
425	-----	Other Loans and Deposits	425	-----
<u>425</u>	<u>-----</u>		<u>425</u>	<u>-----</u>
		Non-Current		
-----	1,483	Other Loans and Deposits	-----	1,483
<u>-----</u>	<u>1,483</u>		<u>-----</u>	<u>1,483</u>

No assets have been pledged as security/collateral for liabilities and there are no restrictions on any title to property.

Other loans still to be extinguished represent monies to be repaid to the HealthShare.
Final Repayment is scheduled for December 31, 2013

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

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
30. Provisions				
----	----	Annual Leave - Short Term Benefit	85,300	55,459
----	----	Annual Leave - Long Term Benefit	55,050	83,531
----	----	Long Service Leave On-Costs	15,209	14,121
155,559	153,111	Provision for Personnel Services Liability	----	----
<u>155,559</u>	<u>153,111</u>	Total Current Provisions	<u>155,559</u>	<u>153,111</u>
Non-Current Employee Benefits and Related On-Costs				
----	----	Long Service Leave On-Costs	800	1,851
800	1,851	Provision for Personnel Services Liability	----	----
<u>800</u>	<u>1,851</u>	Total Non-Current Provisions	<u>800</u>	<u>1,851</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	155,559	153,111
----	----	Provisions - Non-Current	800	1,851
----	----	Accrued Salaries, Wages and On-Costs (Note 28)	27,248	21,988
183,607	176,950	Liability - Purchase of Personnel Services	----	----
<u>183,607</u>	<u>176,950</u>		<u>183,607</u>	<u>176,950</u>

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
31. Other Liabilities				
Current				
<u>1,737</u>	<u>1,741</u>	Income in Advance	<u>1,737</u>	<u>1,741</u>
<u>1,737</u>	<u>1,741</u>		<u>1,737</u>	<u>1,741</u>
Non-Current				
<u>11,871</u>	<u>13,134</u>	Income in Advance	<u>11,871</u>	<u>13,134</u>
<u>11,871</u>	<u>13,134</u>		<u>11,871</u>	<u>13,134</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
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		32. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	20,134	26,779
20,134	26,779	Later than one year and not later than five years	130,629	3,529
130,629	3,529		150,763	30,308
		Total Capital Expenditure Commitments (Including GST)	150,763	30,308
150,763	30,308			
		Of the commitments reported at 30 June 2013 it is expected that \$11.225M will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	3,674	4,774
3,674	4,774	Later than one year and not later than five years	5,896	8,628
5,896	8,628	Later than five years	----	1,886
----	1,886		9,570	15,288
		Total Operating Lease Commitments (Including GST)	9,570	15,288
9,570	15,288			

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

(d) **Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$160.333M million as at 30 June 2013 includes input tax credits of \$14.576M that are expected to be recoverable from the Australian Taxation Office (2012 \$4.56M).

South Eastern Sydney Local Health District
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PARENT AND CONSOLIDATION

33. Trust Funds

The SESLHD holds trust fund moneys of \$1.2 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 SESLHD 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	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cash Balance at the beginning of the financial year	436	565	239	216	378	5,206	1,053	5,987
Receipts	1,192	1,317	78	82	37,181	30,694	38,451	32,093
Expenditure	(1,164)	(1,446)	(14)	(59)	(37,159)	(35,522)	(38,337)	(37,027)
Cash Balance at the end of the financial year	464	436	303	239	400	378	1,167	1,053

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34. 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 2006/07 fund year and an interim adjustment for the 2008/09 fund year were not calculated until 2012/13.

As a result, the 2007/08 final and 2009/10 pertaining to the hospitals and community services now forming part of SESLHD will be paid in 2013/14. It is not possible for SESLHD to reliably quantify the benefit to be received or amount payable.

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 SESLHD's consolidated financial statements to the extent of cash payments made.

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

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
35. Reconciliation of Cash Flows from Operating Activities to Net Result				
49,776	76,269	Net Cash Flows from Operating Activities	49,776	76,269
(49,791)	(48,448)	Depreciation	(49,791)	(48,448)
(3,123)	1,886	Allowance for Impairment	(3,123)	1,886
1,267	822	(Increase)/ Decrease Income in Advance	1,267	822
(3,876)	(32,068)	(Increase)/ Decrease in Provisions	(3,876)	(32,068)
3,354	3,145	Increase / (Decrease) in Prepayments and Other Assets	3,354	3,145
18,479	(2,354)	(Increase)/ Decrease in Creditors	18,479	(2,354)
(478)	(398)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(478)	(398)
15,608	(1,146)	Net Result	15,608	(1,146)

36. 2012/13 Voluntary Services

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

- | | |
|---|---|
| <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 |
|---|---|

South Eastern Sydney Local Health District
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37. 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 SESLHD 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 SESLHD.

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.

38. Budget Review - Parent and Consolidated

It should be noted that the Operating Result includes \$37M of cash assistance provided by the Ministry where no adjustment was made to SESLHD's revenue budget, causing a favourable result.

Net Result

The actual Net Result was higher than budget by \$23 million, primarily due to:

\$37M of cash assistance provided by the Ministry where no adjustment was made to SESLHD's revenue. The year's General Fund result was mainly due to unfavourable budget variances of \$15.871M in Employee Related, including Overtime (\$11.6M), Superannuation (\$7.3M), and offset with a favourable budget variance in Workers Compensation (\$2.7M). DVA patient fees has resulted in an unfavourable budget variance (\$1.9M) and SESLHD expects this trend to continue into future years. SESLHD is currently holding an accrual for inter-state Peritonectomy Revenue (\$1.9M), for which SESLHD is awaiting advice from the Ministry as to how this will be settled. SESLHD was favourable (\$7M) in regards to High Cost Drugs Revenue, which is offset by an increase of High Cost Drug Expense recorded in Other Working

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 24 06 2012 are as follows:

	\$000
Initial Allocation, 24 June 2012	1,019,943
Award Increases	20,071
Special Projects	
Nurse/Midwife Strategy	1,634
AIDS Program Service	1,194
National Partnership Agreement - Treating More Public Dental Patients	1,035
Health Workforce Australia - Information Communications Technology	931
Healthy Child Initiative Service Agreement Variation	709
Other Special Projects	3,728
Other	
Invoices from former Transitional Office	2,428
Treasury Managed Fund 2012-13	6,247
Allocation Adjustment Redundancies	1,469
Treasury Managed Fund 2012-13 Pathology Charges	644
Transfer the Program of Appliances for Disable People - From Transitional Office	1,594
Transfer Dental Services from Illawarra Shoalhaven LHD	3,170
Occupational Therapy Donation Funding	2,940
Transfer Mental Health Budget from Illawarra Shoalhaven LHD	1,029
Calvary Hospital - Additional Nursing Adjustment	667
Organ & Tissue Retrieval Services	797
Transfer Mental Health Services to Sydney Childrens Hospital Network	(3,589)
Treasury Managed Fund expense split from Illawarra Shoalhaven LHD	(942)
Other Supplementations	2,169
	1,067,867
Balance as per Statement of Comprehensive Income	1,067,867

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39. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2011/12 year were:

An increase in net assets of \$7.174M relating to SESLHD's assumption of responsibilities upon dissolution of the Health Reform Transitional Organisation - Southern on 31st May 2012.

Equity transfers effected in the 2012/13 year were:

An increase in net assets of \$0.496M relating to SESLHD's review of transitioned balance sheet accounts from 2011/12 and the transition of Long Service Leave On-Costs to the Crown.

Equity transfers effected comprised:	2013	2012
	\$000	\$000
New South Wales Health Pathology	(3,187)	-----
Illawarra Shoalhaven Local Health District	214	-----
Murrumbidgee Local Health District	(1)	-----
Sydney Childrens' Hospital Network	(0)	-----
Crown Entity - Transfer of Long Service Leave On-costs	2,479	-----
Health Reform Transitional Organisation - Southern	-----	7174
	<u>(496)</u>	<u>7,174</u>
 Assets and Liabilities transferred are as follows:		
	2013	2012
	\$000	\$000
Assets		
Cash & Cash Equivalents	197	6,445
Property Plant & Equipment	17	24,132
Inventory	362	697
Receivables	40	3,867
Financial Assets	-----	5,549
Liabilities		
Payables	(3,591)	(15,448)
Provisions	2,479	(15,354)
Loans	-----	(2,126)
Other Liabilities	-----	(588)
Increase/(Decrease) in Net Assets From Equity Transfers	<u>(496)</u>	<u>7,174</u>

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40. Financial Instruments

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

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the SESLHD, 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 CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	93,484	80,940
Receivables (note 20)*	Loans and receivables (at amortised cost)	57,566	57,313
Financial Assets at Fair Value (note 22)	At fair value through profit or loss (designated as such upon initial recognition)	-----	13,467
Available-for-Sale Financial Assets	At fair value	-----	2,272
Other Financial Assets	Loans and receivables (at amortised cost)	-----	-----
Total Financial Assets		<u>151,050</u>	<u>153,992</u>
Financial Liabilities			
Borrowings (note 29)	Financial liabilities	425	1,483
Payables (note 28)**	measured at	86,233	103,259
Other (note 31)	amortised cost	-----	-----
Total Financial Liabilities		<u>86,658</u>	<u>104,742</u>

Notes

*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

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(b) Credit Risk

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

Credit risk associated with the SESLHD'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.

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.6% in 2012/13 compared to 3.38% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (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 SESLHD 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 (2013:\$28,473M; 2012: \$21.183M) and not more than 3 months past due (2013: \$4.303M; 2012:\$5.300M) are not considered impaired and together these represent 75% 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 SESLHD'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.

2013	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	4,303	4,241	62
3 months - 6 months overdue	2,030	911	1,119

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> 6 months overdue	6,926	2,253	4,673
2012			
<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

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.

Authority Deposits

The SESLHD 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 2.6% (2012: 0.6%), while over the year the weighted average interest rate was 2.6% (2012: -1.6%) on a weighted average balance during the year of \$57.883M (2012 - \$43.229M). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the SESLHD will be unable to meet its payment obligations when they fall due. The SESLHD 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 SESLHD 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 of loans payable. No assets have been pledged as collateral. The SESLHD has exposure to liquidity risk.

However, the risk is minimised by the service agreement, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the SESLHD fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (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 in accordance with NSW Treasury Circular 11/12. 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.

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For other suppliers, where settlement cannot be effected in accordance with the above, e.g. 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 SESLHD's financial liabilities together with the interest rate exposure.

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
2013								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		20,349	----	----	20,349	20,349	----	----
- Creditors		65,884	----	----	65,884	65,884	----	----
Borrowings:								
- Loans and Deposits	4.04%	425	425	----	----	425	----	----
		<u>86,658</u>	<u>425</u>	----	<u>86,233</u>	<u>86,658</u>	----	----
2012								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		16,438	----	----	16,438	16,438	----	----
- Creditors		86,821	----	----	86,821	86,821	----	----
Borrowings:								
- Loans and Deposits	4.04%	1,483	1,483	----	----	1,058	425	----
		<u>104,742</u>	<u>1,483</u>	----	<u>103,259</u>	<u>104,317</u>	<u>425</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 SESLHD 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.

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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 SESLHD's exposures to market risk are primarily through interest rate risk on the SESLHD's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The SESLHD 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 SESLHD 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 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, SESLHD is 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 SESLHD 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 SESLHD's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1%		+1%	
		Profit	Equity	Profit	Equity
2013					
Financial Assets					
Cash and Cash Equivalents	93,484	(935)	(935)	935	935
Receivables	57,566	----	----	----	----
Financial Assets at Fair Value	----	----	----	----	----
Other Financial Assets	----	----	----	----	----
Financial Liabilities					
Payables	86,233	----	----	----	----
Borrowings	425	(4)	(4)	4	4
Other	----	----	----	----	----
2012					
Financial Assets					
Cash and Cash Equivalents	80,940	(809)	(809)	809	809
Receivables	57,313	----	----	----	----
Financial Assets at Fair Value	13,467	(135)	(135)	135	135
Other Financial Assets	----	----	----	----	----
Financial Liabilities					
Payables	103,259	----	----	----	----
Borrowings	1,483	(15)	(15)	15	15
Other	----	----	----	----	----

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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 SESLHD has no direct equity investments. The SESLHD holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2013 \$'000	2012 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	76,610	10,617
Strategic cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	----	5,122

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 SESLHD'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).

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	Change in unit price	Impact on profit/loss	
		2013 \$'000	2012 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	426	106
Hour-Glass Investment - Strategic cash facility	+/- 1%	----	51

(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 SESLHD'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.

Except where specified below, 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. The following table details the financial instruments where the fair value differs from the carrying amount:

	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
	Carrying amount	Carrying amount	Fair value	Fair value
Financial assets	----	----	----	----
Financial liabilities	----	----	----	----

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

The SESLHD 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	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	----	----	----	----

(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 2013.

Note 41 Events after the Reporting Period

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

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END OF AUDITED FINANCIAL STATEMENTS