



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Sydney South West Area Health Service and Controlled Entities

To Members of the New South Wales Parliament

#### Report on the Financial Statements

I have audited the accompanying financial statements of the Sydney South West Area Health Service (the Service), which comprise the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Service and the consolidated entity. The consolidated entity comprises the Service and the entities it controlled at the year's end or from time to time during the financial year.

#### Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Service and the consolidated entity as at 30 June 2010, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- 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 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 and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### 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. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial 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 the 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 controls relevant to the Service's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

### Independence

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

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



A T Whitfield  
Acting Auditor-General

SYDNEY  
4 November 2010

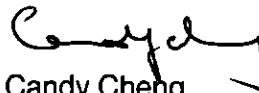
**Certification of Parent/Consolidated Financial Statements  
for year ended 30 June 2010**

The attached financial statements of the Sydney South West Area Health Service for the year ended 30 June 2010:

- i. Have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and the Treasurer's Direction, and the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulations 2010*;
- ii. Exhibit a true and fair view of the financial position and financial performance of the Sydney South West Area Health Service; and
- iii. Have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mike Wallace  
Chief Executive  
Sydney South West Area Health Service  
3 November 2010



Candy Cheng  
Director of Financial Operations  
Sydney South West Area Health Service  
3 November 2010

**Sydney South West Area Health Service**  
**Statement of Comprehensive Income for the year ended 30 June 2010**

PARENT			CONSOLIDATION				
Actual	Budget	Actual	Notes	Actual	Budget	Actual	
2010	2010	2009		2010	2010	2009	
\$000	\$000	\$000		\$000	\$000	\$000	
							<b>Expenses excluding losses</b>
							Operating Expenses
0	0	0					Employee Related
1,609,729	1,630,902	1,556,877	3	1,613,443	1,630,902	1,560,517	Personnel Services
92,764	92,861	84,167	4	0	0	0	Visiting Medical Officers
812,747	832,234	777,978		92,764	92,861	84,167	Other Operating Expenses
72,810	76,955	73,032	5	815,162	832,234	780,158	Depreciation and Amortisation
35,256	27,909	26,921	2(i), 6	73,594	76,955	73,539	Grants and Subsidies
61	0	286	7	36,043	27,909	27,162	Finance Costs
31,552	30,847	27,411	8	285	0	286	Payments to Affiliated Health Organisations
			9	31,552	30,847	27,411	
<b>2,654,919</b>	<b>2,691,708</b>	<b>2,546,672</b>		<b>2,662,843</b>	<b>2,691,708</b>	<b>2,553,240</b>	<b>Total Expenses excluding losses</b>
							<b>Revenue</b>
551,668	537,527	476,975	10	551,668	537,527	476,975	Sale of Goods and Services
12,641	13,645	9,074	11	13,628	13,645	9,686	Investment Revenue
70,919	47,727	70,747	12	57,828	47,727	55,804	Grants and Contributions
9,152	8,557	9,586	13	11,396	8,557	10,818	Other Revenue
<b>644,380</b>	<b>607,456</b>	<b>566,382</b>		<b>634,520</b>	<b>607,456</b>	<b>553,283</b>	<b>Total Revenue</b>
(682)	0	(324)	14	(718)	0	(324)	Gain/(Loss) on Disposal
(5,217)	(2,539)	(5,537)	15	(13,860)	(2,539)	(5,537)	Other Gains/(Losses)
<b>2,016,438</b>	<b>2,086,791</b>	<b>1,986,151</b>	32	<b>2,042,901</b>	<b>2,086,791</b>	<b>2,005,818</b>	<b>Net Cost of Services</b>
							<b>Government Contributions</b>
1,946,275	1,946,275	1,915,968	2(d)	1,946,275	1,946,275	1,915,968	NSW Department of Health Recurrent Allocations
170,499	167,074	90,021	2(d)	170,499	167,074	90,021	NSW Department of Health Capital Allocations
0	0	(1,873)		0	0	(1,873)	Asset Sale Proceeds Transferred to the NSW Department of Health
(1,000)	0	0		(1,000)	0	0	Prior Year Asset Sale Proceeds Returned to the NSW Department of Health
0	23,565	0	2(a)(ii)	24,921	23,565	25,166	Acceptance by the Crown Entity of Employee Benefits
<b>2,115,774</b>	<b>2,136,914</b>	<b>2,004,116</b>		<b>2,140,695</b>	<b>2,136,914</b>	<b>2,029,282</b>	<b>Total Government Contributions</b>
<b>99,336</b>	<b>50,123</b>	<b>17,965</b>		<b>97,794</b>	<b>50,123</b>	<b>23,464</b>	<b>RESULT FOR THE YEAR</b>
							<b>Other Comprehensive Income</b>
(26,043)	0	91,165		(26,229)	0	91,689	Net Increase/(Decrease) in Property, Plant & Equipment Asset Revaluation Reserve
(26,043)	0	91,165		(26,229)	0	91,689	Net Change in the Asset Revaluation Reserve Arising from a Change in the Restoration Liability
(26,043)	0	91,165		(26,229)	0	91,689	<b>Other Comprehensive Income for the year</b>
<b>73,293</b>	<b>50,123</b>	<b>109,130</b>		<b>71,565</b>	<b>50,123</b>	<b>115,153</b>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>

The accompanying notes form part of these Financial Statements

**Sydney South West Area Health Service**  
**Statement of Changes in Equity for the Year Ended 30 June 2010**

PARENT	Notes	Accumulated	Asset Revaluation	Available For	Total
		Funds	Surplus	Sale Reserve	
		\$000	\$000	\$000	\$000
Balance at 1 July 2009		1,258,700	129,996	373	1,389,069
Result For The Year		99,336	0	0	99,336
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		808	(26,478)	(373)	(26,043)
<b>Total Other Comprehensive Income</b>		<b>808</b>	<b>(26,478)</b>	<b>(373)</b>	<b>(26,043)</b>
<b>Total Comprehensive Income For The Year</b>		<b>100,144</b>	<b>(26,478)</b>	<b>(373)</b>	<b>73,293</b>
Transactions With Owners In Their Capacity As Owners		0	0	0	0
<b>Balance at 30 June 2010</b>		<b>1,358,844</b>	<b>103,518</b>	<b>0</b>	<b>1,462,362</b>
Balance at 1 July 2008		1,234,034	40,385	5,520	1,279,939
Result For The Year		17,965	0	0	17,965
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		6,701	89,611	(5,147)	91,165
<b>Total Other Comprehensive Income</b>		<b>6,701</b>	<b>89,611</b>	<b>(5,147)</b>	<b>91,165</b>
<b>Total Comprehensive Income For The Year</b>		<b>24,666</b>	<b>89,611</b>	<b>(5,147)</b>	<b>109,130</b>
Transactions With Owners In Their Capacity As Owners		0	0	0	0
<b>Balance at 30 June 2009</b>		<b>1,258,700</b>	<b>129,996</b>	<b>373</b>	<b>1,389,069</b>

The accompanying notes form part of these financial statements.

CONSOLIDATION	Notes	Accumulated	Asset Revaluation	Available For	Total
		Funds	Surplus	Sale Reserve	
		\$000	\$000	\$000	\$000
Balance at 1 July 2009		1,282,786	130,882	373	1,414,041
Result For The Year		97,794	0	0	97,794
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		808	(26,664)	(373)	(26,229)
<b>Total Other Comprehensive Income</b>		<b>808</b>	<b>(26,664)</b>	<b>(373)</b>	<b>(26,229)</b>
<b>Total Comprehensive Income For The Year</b>		<b>98,602</b>	<b>(26,664)</b>	<b>(373)</b>	<b>71,565</b>
Transactions With Owners In Their Capacity As Owners		0	0	0	0
<b>Balance at 30 June 2010</b>		<b>1,381,388</b>	<b>104,218</b>	<b>0</b>	<b>1,485,606</b>
Balance at 1 July 2008		1,252,621	40,747	5,520	1,298,888
Result For The Year		23,464	0	0	23,464
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		6,701	90,135	(5,147)	91,689
<b>Total Other Comprehensive Income</b>		<b>6,701</b>	<b>90,135</b>	<b>(5,147)</b>	<b>91,689</b>
<b>Total Comprehensive Income For The Year</b>		<b>30,165</b>	<b>90,135</b>	<b>(5,147)</b>	<b>115,153</b>
Transactions With Owners In Their Capacity As Owners		0	0	0	0
<b>Balance at 30 June 2009</b>		<b>1,282,786</b>	<b>130,882</b>	<b>373</b>	<b>1,414,041</b>

The accompanying notes form part of these financial statements.

**Sydney South West Area Health Service**  
**Statement of Financial Position as at 30 June 2010**

PARENT			CONSOLIDATION				
Actual 2010 \$000	Budget 2009 \$000	Actual 2009 \$000	Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000	
<b>ASSETS</b>							
<b>Current Assets</b>							
191,320	166,087	170,720		205,333	166,087	184,284	
43,751	48,586	43,955	18	205,333	166,087	184,284	
11,943	11,472	11,689	19	44,160	48,586	45,110	
31,199	37,880	33,575	20	11,943	11,472	11,689	
<u>278,213</u>	<u>264,025</u>	<u>259,939</u>	21	33,718	37,880	37,880	
				<u>295,154</u>	<u>264,025</u>	<u>278,963</u>	
0	1,765	1,765		0	1,765	1,765	
<u>278,213</u>	<u>265,790</u>	<u>261,704</u>	24	<u>295,154</u>	<u>265,790</u>	<u>280,728</u>	
<b>Non-Current Assets</b>							
1,530	1,575	1,575		1,530	1,575	1,575	
1,754,182	1,807,550	1,661,031	19	1,530	1,575	1,575	
122,441	112,797	114,810	22	1,762,552	1,807,550	1,669,120	
<u>1,876,623</u>	<u>1,920,347</u>	<u>1,775,841</u>	22	123,442	112,797	116,059	
				<u>1,885,994</u>	<u>1,920,347</u>	<u>1,785,179</u>	
537	474	474	2(ab), 23	537	474	474	
<u>1,878,690</u>	<u>1,922,396</u>	<u>1,777,890</u>		<u>1,888,061</u>	<u>1,922,396</u>	<u>1,787,228</u>	
<u>2,156,903</u>	<u>2,188,186</u>	<u>2,039,594</u>		<u>2,183,215</u>	<u>2,188,186</u>	<u>2,067,956</u>	
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
120,643	143,021	135,296		121,354	143,021	136,081	
407	203	203	26	121,354	143,021	136,081	
538,785	536,696	484,054	27	407	203	203	
			28	539,275	536,696	484,616	
<u>659,835</u>	<u>679,920</u>	<u>619,553</u>		<u>661,036</u>	<u>679,920</u>	<u>620,900</u>	
<b>Non-Current Liabilities</b>							
304	2,507	454		2,116	2,507	2,454	
34,402	41,597	30,518	27	2,116	2,507	2,454	
<u>34,706</u>	<u>44,104</u>	<u>30,972</u>	28	34,457	41,597	30,561	
				<u>36,573</u>	<u>44,104</u>	<u>33,015</u>	
<u>694,541</u>	<u>724,024</u>	<u>650,525</u>		<u>697,609</u>	<u>724,024</u>	<u>653,915</u>	
<u>1,462,362</u>	<u>1,464,162</u>	<u>1,389,069</u>		<u>1,485,606</u>	<u>1,464,162</u>	<u>1,414,041</u>	
<b>EQUITY</b>							
103,518	50,121	129,996		104,218	50,121	130,882	
1,358,844	1,414,041	1,258,700		1,381,388	1,414,041	1,282,786	
<u>1,462,362</u>	<u>1,464,162</u>	<u>1,388,696</u>		<u>1,485,606</u>	<u>1,464,162</u>	<u>1,413,668</u>	
0	0	373		0	0	373	
<u>1,462,362</u>	<u>1,464,162</u>	<u>1,389,069</u>	24	<u>1,485,606</u>	<u>1,464,162</u>	<u>1,414,041</u>	

The accompanying notes form part of these Financial Statements

**Sydney South West Area Health Service**  
**Statement of Cash Flows for the year ended 30 June 2010**

PARENT			CONSOLIDATION			
Actual	Budget	Actual		Actual	Budget	Actual
2010	2010	2009	Notes	2010	2010	2009
\$000	\$000	\$000		\$000	\$000	\$000
			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
			<b>Payments</b>			
(1,547,714)	(1,541,921)	(1,478,912)		(1,551,518)	(1,541,921)	(1,482,393)
(38,782)	(58,756)	(29,613)		(48,290)	(58,756)	(29,879)
(14)	0	(3)		(14)	0	(3)
(1,001,068)	(913,520)	(979,574)		(1,004,077)	(913,520)	(982,155)
<b>(2,587,578)</b>	<b>(2,514,197)</b>	<b>(2,488,102)</b>		<b>(2,603,899)</b>	<b>(2,514,197)</b>	<b>(2,494,430)</b>
			<b>Total Payments</b>			
			<b>Receipts</b>			
519,678	496,345	456,307		519,678	496,345	456,307
12,773	13,645	9,244		13,325	13,645	9,855
146,857	83,458	142,617		161,819	83,458	151,598
<b>679,308</b>	<b>593,448</b>	<b>608,168</b>		<b>694,822</b>	<b>593,448</b>	<b>617,760</b>
			<b>Total Receipts</b>			
			<b>Cash Flows From Government</b>			
1,946,275	1,946,275	1,915,968		1,946,275	1,946,275	1,915,968
16,243	12,818	21,499		16,243	12,818	21,499
<b>1,962,518</b>	<b>1,959,093</b>	<b>1,937,467</b>		<b>1,962,518</b>	<b>1,959,093</b>	<b>1,937,467</b>
			<b>Net Cash Flows From Government</b>			
<b>54,248</b>	<b>38,344</b>	<b>57,533</b>		<b>53,441</b>	<b>38,344</b>	<b>60,797</b>
			<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
8,779	1,665	11,290		8,779	1,665	11,290
3,411	0	0		5,399	0	3,262
(46,433)	(55,888)	(38,502)		(47,472)	(55,888)	(38,985)
(1,035)	0	1,853		(1,237)	0	1,812
1,630	0	(642)		2,139	0	(959)
<b>(33,648)</b>	<b>(54,223)</b>	<b>(26,001)</b>		<b>(32,392)</b>	<b>(54,223)</b>	<b>(23,580)</b>
			<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
			<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
0	0	0		0	0	2,000
0	0	(3,907)		0	0	(3,907)
<b>0</b>	<b>0</b>	<b>(3,907)</b>		<b>0</b>	<b>0</b>	<b>(1,907)</b>
			<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>20,600</b>	<b>(15,879)</b>	<b>27,625</b>		<b>21,049</b>	<b>(15,879)</b>	<b>35,310</b>
170,720	181,966	143,095		184,284	181,966	148,974
<b>191,320</b>	<b>166,087</b>	<b>170,720</b>		<b>205,333</b>	<b>166,087</b>	<b>184,284</b>
			<b>NET INCREASE / (DECREASE) IN CASH</b>			
			<b>CLOSING CASH AND CASH EQUIVALENTS</b>			

The accompanying notes form part of these Financial Statements





Sydney South West Area Health Service  
Service Group Statements (Continued)  
for the Year Ended 30 June 2010

SERVICE'S ASSETS AND LIABILITIES	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Non Attributable		Total				
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	\$000	\$000	
<b>ASSETS</b>																											
Current Assets																											
Cash and Cash Equivalents	12,895	10,654	126	110	22,515	18,927	13,225	11,063	101,673	85,187	15,963	13,319	13,250	10,878	13,411	11,297	2,695	2,268	9,580	20,561	0	0	0	0	205,333	184,284	
Receivables	444	484	1	1	1,158	1,223	1,430	1,448	32,064	32,989	4,457	4,458	39	161	1,730	1,809	234	246	2,603	2,291	0	0	0	0	44,160	45,110	
Inventories	289	295	4	4	746	742	755	736	7,769	7,572	1,853	1,319	205	203	590	578	83	83	149	157	0	0	0	0	11,943	11,689	
Financial Assets at Fair Value	2,118	1,690	21	17	3,697	3,002	2,172	1,758	16,695	13,514	2,621	2,113	2,176	1,726	2,202	1,792	443	360	1,573	11,908	0	0	0	0	33,718	37,880	
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Non-Current Assets Held for Sale	0	98	0	1	0	251	0	135	0	888	0	113	0	73	0	132	0	19	0	0	0	0	0	0	0	0	
<b>Total Current Assets</b>	15,746	13,221	152	133	28,116	24,145	17,582	15,160	158,201	140,150	24,394	21,322	15,670	13,041	17,933	15,608	3,455	2,976	13,905	34,972	0	0	0	0	295,154	280,728	
<b>Non-Current Assets</b>																											
Receivables	15	17	0	0	39	43	48	51	1,121	1,152	151	156	1	6	59	63	8	9	88	78	0	0	0	0	1,530	1,575	
Financial Assets at Fair Value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Property, Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
- Land and Buildings	93,263	89,879	1,190	1,147	239,727	231,029	128,608	123,942	847,261	816,521	107,570	103,667	86,136	52,311	126,273	121,692	17,673	17,032	51,851	53,310	63,000	58,590	0	0	1,762,552	1,669,120	
- Plant and Equipment	6,839	6,430	87	82	17,579	16,527	9,432	8,866	62,121	58,411	7,889	7,416	5,136	4,829	9,259	8,705	1,297	1,218	3,803	3,575	0	0	0	0	123,442	116,059	
Other	30	26	0	0	76	67	41	36	271	239	34	30	22	20	40	36	6	5	17	15	0	0	0	0	537	474	
<b>Total Non-Current Assets</b>	100,147	96,352	1,277	1,229	257,421	247,666	138,129	132,895	910,774	876,323	115,644	111,269	91,295	57,166	135,631	130,496	18,984	18,264	55,759	56,978	63,000	58,590	0	0	1,888,061	1,787,228	
<b>TOTAL ASSETS</b>	115,893	109,573	1,429	1,362	285,537	271,811	155,711	148,055	1,068,975	1,016,473	140,038	132,591	106,965	70,207	153,564	146,104	22,439	21,240	69,664	91,950	63,000	58,590	0	0	2,183,215	2,067,956	
<b>LIABILITIES</b>																											
Current Liabilities																											
Payables	2,940	3,438	40	44	7,577	8,636	7,674	8,571	78,938	88,152	13,745	15,350	2,083	2,365	5,998	6,724	840	966	1,519	1,835	0	0	0	0	121,354	136,081	
Borrowings	26	13	0	0	45	23	26	13	201	101	32	16	26	13	27	13	5	3	19	8	0	0	0	0	407	203	
Provisions	37,803	33,972	432	406	72,263	64,941	37,695	33,875	232,812	210,412	33,974	30,531	47,503	41,488	36,947	32,663	9,222	8,278	31,224	28,050	0	0	0	0	539,275	484,616	
<b>Total Current Liabilities</b>	40,769	37,423	472	450	79,885	73,600	45,395	42,459	311,951	298,665	47,751	45,897	49,612	43,866	42,372	39,400	10,067	9,247	32,762	29,893	0	0	0	0	661,036	620,900	
<b>Non-Current Liabilities</b>																											
Borrowings	133	28	1	1	232	50	136	29	1,048	227	164	35	137	29	138	30	28	6	99	2,020	0	0	0	0	2,116	2,454	
Provisions	2,415	2,142	28	26	4,617	4,095	2,409	2,136	14,876	13,269	2,171	1,925	3,035	2,616	2,322	2,060	589	522	1,995	1,770	0	0	0	0	34,457	30,561	
<b>Total Non-Current Liabilities</b>	2,548	2,170	29	26	4,849	4,145	2,545	2,165	15,924	13,496	2,335	1,960	3,172	2,645	2,460	2,090	617	528	2,094	3,790	0	0	0	0	36,573	33,015	
<b>TOTAL LIABILITIES</b>	43,317	39,593	501	476	84,734	77,745	47,940	44,624	327,875	312,161	50,086	47,857	52,784	46,511	44,832	41,490	10,684	9,775	34,856	33,683	0	0	0	0	697,609	653,915	
<b>NET ASSETS</b>	72,576	69,980	928	886	200,803	194,066	107,771	103,431	741,100	704,312	89,952	84,734	54,161	23,686	108,732	104,614	11,755	11,465	34,808	58,267	63,000	58,590	0	0	1,485,606	1,414,041	

The name and purpose of each service group is summarised in Note 17

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(ec), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.



## 1 The Health Service Reporting Entity

The Sydney South West Area Health Service (SSWAHS) was established under the provisions of the Health Services Act with effect from 1 January 2005.

SSWAHS, as a reporting entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by SSWAHS. SSWAHS is a not-for-profit entity (as profit is not its principal objective)

SSWAHS Special Purpose Service Entity was established as a Division of the Government Service on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable SSWAHS to exercise its functions.

In accordance with Accounting Standards this Division is regarded as a Special Purpose Entity that must be consolidated with the financial report of SSWAHS. This is because the Division was established to provide personnel services to enable SSWAHS to exercise its functions.

Sydney South West Area Health Service incorporates and manages all the operating activities of the following hospitals, community health services and other facilities under its control:

- Balmain Hospital
- Bankstown Hospital
- Bowral Hospital
- Camden Hospital
- Campbelltown Hospital
- Canterbury Hospital
- Concord Repatriation General Hospital (including Concord Centre for Mental Health)
- Department of Forensic Medicine
- Fairfield Hospital
- Institute of Rheumatology and Orthopaedics
- Liverpool Hospital
- Population Health
- Queen Victoria Memorial Nursing Home
- Royal Prince Alfred Hospital
- Sydney Dental Hospital
- Thomas Walker Hospital
- ANZAC Health and Medical Research Foundation
- Ingham Health Research Institute (became an independent uncontrolled entity from 1 June 2010)

In addition, the following Affiliated Health Organisations are associated by special arrangements with SSWAHS:

- Central Sydney Scarba Services and South West Sydney Scarba Services
- Tresillian Family Care Centre at Belmore
- Braeside Hospital, Prairiewood
- Carrington Centennial Hospital
- Karitane
- STARTTS

The financial statements encompasses the activities of the General Fund and the controlled segment of the Special Purposes and Trust Fund. As SSWAHS cannot use the uncontrolled segment of the latter fund to achieve its objectives, the cash balances and activity of that segment are disclosed by way of a note to the financial statements (Note 30). Within the controlled segment of the Special Purposes and Trust Fund there are assets restricted to specific uses by donors but nonetheless controlled by SSWAHS.

The primary objectives of SSWAHS are to protect, promote and maintain the health of Sydney South West residents and to provide state and nationwide health services, research and training.

### Principles of Consolidation

The financial statements of the controlled entity are prepared for the same reporting period as the parent entity, using consistent accounting policies.

The values in the annual financial statements presented herein consist of SSWAHS (as the parent entity), the financial statements of the Special Purpose Entity Division and the consolidated financial statements of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 12, 26, 28 and 32 being especially relevant to the arrangements between SSWAHS and the Division.

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

The reporting entity is consolidated as part of the financial statements prepared for both the NSW Department of Health and the NSW Total State Sector Accounts.

The ANZAC Health and Medical Research Foundation is a controlled entity of SSWAHS. The Foundation is incorporated in Australia as a company limited by guarantee under the Corporations Act 2001, and it is an economic entity whose principal activity is research. The beneficial interest held by SSWAHS is 100%.

The Ingham Health Research Institute (IHRI) ceased to be a controlled entity of SSWAHS from 1 June 2010.

These consolidated financial statements for the year ended 30 June 2010 have been authorised for issue by the Chief Executive on 3 November 2010.

## 2 Summary of Significant Accounting Policies

SSWAHS's financial statements are general purpose financial statements which have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and the Treasurer's Direction, and the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulations 2010*.

AASB 101 SSWAHS has applied the revised AASB 101 Presentation of Financial Statements (2007) from 1 July 2009. The revision of this standard now requires SSWAHS to present all non-owner changes to equity ('comprehensive income') in the statement of comprehensive income. SSWAHS has presented the income statement and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

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.

The consolidated entity has a deficiency of working capital of \$365.882 million (2009: \$340.172 million). Notwithstanding this deficiency the financial statements have been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

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

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

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.

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. SSWAHS has considered accounting standards and interpretations issued but not yet effective and determined that these will have no or insignificant impact on SSWAHS.

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

### a) Employee Benefits and Other Provisions

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

At the consolidated level of reporting, liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that 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.

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All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On-costs of 17% are applied to the value of leave payable at 30 June 2010, such on-costs being consistent with actuarial assessment (Comparable on-costs for 30 June 2009 were also 17%).

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

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

**ii) Long Service Leave and Superannuation**

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

Long service leave provisions are measured on a short hand basis at an escalated rate of 18.3% (9.8% at 30 June 2009) for all employees with five or more years of service. The escalation applied is consistent with actuarial assessment and is affected in the main by the fall in the Commonwealth Government 10 year bond yield which is used as the discount rate.

SSWAHS's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. SSWAHS accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits". Any liability attached to Superannuation Guarantee Charge cover is reported in Note 26, "Payables".

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

**iii) Other Provisions**

Other provisions exist when: SSWAHS 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**

SSWAHS's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

**c) Finance Costs**

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

**d) Income Recognition**

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

*Sale of Goods*

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

*Rendering of Services*

Revenue is recognised when the service is provided.

*Patient Fees*

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

*Investment Revenue*

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Interest revenue is recognised using the effective interest method as set out in *AASB139, Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with *AASB117 Leases* on a straight line basis over the lease term.

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

*Debt Forgiveness*

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

*Use of Hospital Facilities*

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

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

*Use of Outside Facilities*

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

*Grants and Contributions*

Grants and Contributions are generally recognised as revenues when SSWAHS obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

*NSW Department of Health Allocations*

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

General operating expenses/revenues of Scarba Services, Tresillian Family Care Centres, Braeside Hospital, Carrington Centennial Hospital, Karitane and STARTTS have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. SSWAHS is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position.

**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 SSWAHS 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) Inter Area and Interstate Patient Flows**

*Inter Area Patient Flows*

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

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

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

*Inter State Patient Flows*

SSWAHS recognises the outflow of acute inpatients that are treated by other States and Territories within Australia who normally reside in the Service's residential area. SSWAHS also recognises the value of inflows for acute inpatient treatment provided to residents from other States and territories. The expense and revenue values reported within the financial statements have been based on 2008/09 activity data using standard cost weighted separation values to reflect estimated costs in 2009/10 for acute weighted inpatient separations. Where treatment is obtained outside the home health service, the State/Territory providing the service is reimbursed by the benefiting Area.

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

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

**g) Acquisition of Assets**

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(x)).

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, ie 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 SSWAHS are deemed to be controlled by SSWAHS and are reflected as such in the financial statements.

**h) Capitalisation Thresholds**

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

**i) Depreciation 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 SSWAHS. 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% - 4.0%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0% - 12.5%
Plant and Machinery	10.0%
Furniture, Fittings and Furnishings	10.0%

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

**j) Revaluation of Non-Current Assets**

Physical non-current assets are valued in accordance with the NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, *Property, Plant and Equipment*.

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.

SSWAHS revalues its Land and Buildings at minimum every three years by independent valuation. The last revaluation for assets assumed by SSWAHS as at 1 July 2009 was completed in April 2010 and was based on an independent assessment.

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

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

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

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

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

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

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

**k) Impairment of Property, Plant and Equipment**

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As a not-for-profit entity with no cash generating units, SSWAHS is effectively exempt from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

**l) 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.

**m) Non-Current Assets (or disposal groups) Held for Sale**

SSWAHS 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.

**n) Transfer of Callan Park Hospital site to Leichardt Council**

Given the relocation of health services from the Callan Park site to Concord Hospital an offer has been made to Leichardt Municipal Council for a 99 year lease of 40 of the 60 hectares contained in the Callan Park site. Leichardt Council has commenced a master planning study with the target completion date of December 2012 and public exhibition scheduled for February/March 2011. At this stage no date for transfer of the site has been discussed by the Council or Sydney Harbour Foreshore Authority.

Based on transfer of 40 hectares the potential reduction in the Area's land and buildings approximates \$42M, such estimate been updated from last year's estimate of \$39.1M due to the formal revaluation of SWAHS's assets in 2009/10.

**o) 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.

**p) Leased Assets**

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

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

SSWAHS has no finance leases. It does however, have a number of operating leases for buildings and office equipment and motor vehicles.

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

**q) Inventories**

Inventories are stated at cost, adjusted when applicable for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

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

**r) 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 Result for the Year when impaired, derecognised or through the amortisation process.

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

**s) Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. SSWAHS 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* - SSWAHS subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the 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 agency's key management personnel.

The risk management strategy of SSWAHS 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 SSWAHS 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 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 Result for the Year. However, interest calculated using the effective interest method and dividends are recognised in the 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 Health Service commits to purchase or sell the asset.

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

**t) 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 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 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 Result for the Year.

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Any reversals of impairment losses are reversed through the 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.

**u) 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 SSWAHS transfers the financial asset:

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

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

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

**v) Payables**

These amounts represent liabilities for goods and services provided to SSWAHS 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 SSWAHS.

**w) 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 Result for the Year on derecognition.

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

**x) Equity Transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004, *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

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

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

**y) Equity and Reserves**

**(i) Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with SSWAHS'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**



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

**z) Trust Funds**

SSWAHS receives monies in a trustee capacity for various trusts as set out in Note 30. As SSWAHS performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of SSWAHS's own objectives, they are not brought to account in the financial statements.

**aa) Budgeted Amounts**

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

**ab) Emerging Asset**

SSWAHS's emerging interest in the Bowral Private Medical Imaging has been valued in accordance with the Department of Health's policy for *Accounting for Privately Financed Projects*. This policy required SSWAHS 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 15 years using the annuity method and the Government Bond rate of 9.15% at commencement of the concession period.

**ac) Service Group Statements Allocation Methodology**

Expenses and revenues are assigned to service groups in accordance with statistical data for the 6 months ended 31 December 2009 which is then applied to the current period's financial information. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Department requires that all Health Services take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

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PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	1,205,637	1,163,172
0	0	Awards	58,325	60,632
0	0	Superannuation [see note 2(a)] - Defined Benefit Plans	24,921	25,166
0	0	Superannuation [see note 2(a)] - Defined Contribution Plans	108,664	104,520
0	0	Long Service Leave [see note 2(a)]	62,828	45,913
0	0	Annual Leave [see note 2(a)]	132,904	139,227
0	0	Workers' Compensation Insurance	20,164	21,887
<b>0</b>	<b>0</b>		<b>1,613,443</b>	<b>1,560,517</b>
The following additional information is provided:				
Maintenance staff costs included in Employee Related Expenses totals \$11.991 million Note 5 further refers.				
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
1,202,221	1,159,938	Salaries and Wages	0	0
58,325	60,632	Awards	0	0
24,921	25,166	Superannuation [see note 2(a)] - Defined Benefit Plans	0	0
108,664	104,506	Superannuation [see note 2(a)] - Defined Contribution Plans	0	0
62,830	45,843	Long Service Leave [see note 2(a)]	0	0
132,604	138,905	Annual Leave [see note 2(a)]	0	0
20,164	21,887	Workers' Compensation Insurance	0	0
<b>1,609,729</b>	<b>1,556,877</b>		<b>0</b>	<b>0</b>

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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>5. Other Operating Expenses</b>				
245,604	244,202	Allocations towards Inter Area Patient Outflows, NSW (see (c) below)	245,604	244,202
26,251	20,135	Blood and Blood Products	26,251	20,135
32,616	29,956	Domestic Supplies and Services	32,637	29,974
119,493	109,233	Drug Supplies	119,503	109,233
16,604	16,868	Food Supplies	16,621	16,884
28,315	22,588	Fuel, Light and Power	28,315	22,588
33,595	36,693	General Expenses (See (a) below)	34,054	37,179
4,878	5,539	Hospital Ambulance Transport Costs	4,878	5,539
16,163	11,615	Information Management Expenses	16,178	11,616
3,633	1,754	Insurance	3,647	1,756
3,634	5,337	Interstate Patient Outflows (see (d) below)	3,634	5,337
		Maintenance (See (b) below)		
17,745	15,283	Maintenance Contracts	17,749	15,283
5,776	6,304	New/Replacement Equipment under \$10,000	5,992	6,495
2,703	3,782	Repairs	2,704	3,784
30,574	33,306	Maintenance/Non Contract	30,603	33,330
2,065	2,546	Capital Works < \$10,000	2,065	2,546
155,609	142,316	Medical and Surgical Supplies	155,916	142,537
5,998	6,360	Postal and Telephone Costs	6,006	6,364
9,351	9,090	Printing and Stationery	9,398	9,145
159	214	Rates and Charges	159	214
2,572	2,682	Rental	2,572	2,682
37,461	39,811	Special Service Departments	38,515	40,796
2,876	3,154	Staff Related Costs	2,914	3,199
694	848	Aircraft Expenses (Ambulance)	694	848
8,378	8,362	Travel Related Costs	8,553	8,492
<b>812,747</b>	<b>777,978</b>		<b>815,162</b>	<b>780,158</b>
215	455	(a) General Expenses include:-		
1,395	1,437	Advertising	233	462
621	532	Books, Magazines and Journals	1,408	1,448
366	376	Courier and Freight	647	546
0	0	Auditor's Remuneration - Audit of Financial Statements	383	406
1,469	1,635	Auditor's Remuneration - Other Services	0	0
720	777	Legal Services	1,471	1,639
6,218	6,960	Membership/Professional Fees	738	786
6,525	5,770	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	6,226	6,967
18	77	Other Operating Lease Expense - Minimum Lease Payments	6,525	5,770
527	259	Payroll Services	18	77
1,361	1,330	Quality Assurance/Accreditation	527	264
468	883	Security Services	1,361	1,330
3,944	3,043	Translator Services	468	883
4,737	5,120	Motor Vehicle registration and fuel	3,948	3,045
5,011	8,039	Contract Services	4,799	5,196
		Other	5,302	8,360
<b>33,595</b>	<b>36,693</b>		<b>34,054</b>	<b>37,179</b>
		(b) Reconciliation Total Maintenance		
58,863	61,221	Maintenance Expense - Contracted Labour and Other (non employee related), included in Note 5	59,113	61,438
11,991	11,841	Employee related/Personnel Services maintenance expense included in Notes 3 and 4	11,991	11,841
<b>70,854</b>	<b>73,062</b>	Total maintenance expenses included in Notes 3, 4 and 5	<b>71,104</b>	<b>73,279</b>

(c) Details of allocations applied to Inter Area Patient Outflows, NSW on an Area basis as accepted by the NSW Department of Health are as follows (\$000):

South East Illawarra: \$131,063 (\$129,001) Sydney West: \$46,158 (\$46,663) Northern Sydney Central Coast: \$14,692 (\$14,628) Hunter New England: \$1,322 (\$1,513) North Coast: \$782 (\$771) Greater Southern: \$823 (\$599) Greater Western: \$490 (\$464) Children's Hospital Westmead: \$50,274 (\$50,563)

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(d) Expenses for Interstate Patient Flows are as follows (\$000):

ACT: \$325 (\$1,351) QLD: \$1,161 (\$1,528) SA: \$353 (\$167) VIC: \$553 (\$2,133) TAS: \$397 (-\$28) NT: \$344 (\$93) WA: \$501 (\$93)

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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
47,196	46,809	Depreciation - Buildings	47,744	47,072
<u>25,614</u>	<u>26,223</u>	Depreciation - Plant and Equipment	<u>25,850</u>	<u>26,467</u>
<u><u>72,810</u></u>	<u><u>73,032</u></u>		<u><u>73,594</u></u>	<u><u>73,539</u></u>
<b>7. Grants and Subsidies</b>				
21,558	21,018	Non- Government Voluntary Organisations	21,558	21,018
<u>13,698</u>	<u>5,903</u>	Other Contract Non Government Organisations	<u>14,485</u>	<u>6,144</u>
<u><u>35,256</u></u>	<u><u>26,921</u></u>		<u><u>36,043</u></u>	<u><u>27,162</u></u>
<b>8. Finance Costs</b>				
<u>61</u>	286	Other Interest Charges	<u>285</u>	286
<u><u>61</u></u>	<u><u>286</u></u>	Total Finance Costs	<u><u>285</u></u>	<u><u>286</u></u>

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PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
<b>9. Payments to Affiliated Health Organisations</b>				
Recurrent Sourced				
6,145	6,173	Tresillian Family Care Centre at Belmore	6,145	6,173
970	1,012	Central Sydney Scarba Service and South West Sydney Scarba Services	970	1,012
2,201	2,068	Carrington Centennial Hospital	2,201	2,068
4,241	4,199	Karitane	4,241	4,199
4,224	0	STARTTS	4,224	0
13,771	13,959	Braeside Hospital, Prairiewood	13,771	13,959
<u>31,552</u>	<u>27,411</u>		<u>31,552</u>	<u>27,411</u>
<b>10. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
10,387	9,856	Sale of Prosthesis	10,387	9,856
1,735	1,636	Pharmacy Sales	1,735	1,636
(b) Rendering of Services comprise the following:-				
135,468	120,612	Patient Fees [see note 2(d)]	135,468	120,612
469	488	Staff-Meals and Accommodation	469	488
44,113	39,319	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	44,113	39,319
29,598	23,738	- Annual Charge **	29,598	23,738
260,884	253,269	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	260,884	253,269
5,996	6,118	Cafeteria/Kiosk	5,996	6,118
4,777	4,612	Car Parking	4,777	4,612
3,085	2,934	Child Care Fees	3,085	2,934
1,492	1,782	Clinical Services (excluding Clinical Drug Trials)	1,492	1,782
342	293	Fees for Medical Records	342	293
18	19	Information Retrieval	18	19
46	46	Linen Service Revenues - Non Health Services	46	46
1	5	Linen Service Revenues - Other Health Services	1	5
92	128	PADP Patient Copayments	92	128
7,103	7,295	Patient Inflows from Interstate (see note (d) below)	7,103	7,295
982	913	Salary Packaging Fee	982	913
43,460	0	* High Cost Drug Revenue	43,460	0
1,620	3,912	Other	1,620	3,912
<u>551,668</u>	<u>476,975</u>		<u>551,668</u>	<u>476,975</u>

\* The Commonwealth Highly Specialised Drug program was varied from 1 July 2009. The State now claims on a recovery basis the cost of highly specialised drugs through Medicare (Commonwealth).

In previous years these funds were received within annual Government Allocation from the NSW Department of Health.

(c) Details of allocations received for Inter Area Patient Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows (\$000):

South East Illawarra: \$68,007 (\$67,795) Sydney West: \$72,846 (\$69,496) Northern Sydney Central Coast: \$50,676 (\$50,274) Hunter New England: \$12,484 (\$11,911) North Coast: \$8,253 (\$7,531) Greater Southern: \$14,021 (\$12,677) Greater Western: \$34,597 (\$33,585).

(d) Revenues from Patient Inflows from Interstate are as follows (\$000):

ACT: \$2,332 (\$2,665) QLD: \$1,797 (\$1,342) SA: \$90 (\$411) VIC: \$2,054 (\$1,523) TAS: \$429 (\$326) NT: -\$89 (\$574) WA: \$490 (\$454)

\*\* The annual infrastructure charge revenue represent Trust Fund Income that is to be used for staff specialist's conference and study purposes and cannot be used for normal hospital operating purposes.

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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>11. Investment Revenue</b>				
		Interest		
7,541	3,684	- T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	7,896	3,699
3,045	3,278	- Other	3,675	3,875
1,988	2,079	Lease and Rental Income	1,990	2,079
67	33	Royalties	67	33
<u>12,641</u>	<u>9,074</u>		<u>13,628</u>	<u>9,686</u>
<b>12. Grants and Contributions</b>				
5,424	5,019	Clinical Drug Trials	5,728	5,356
9,400	9,524	Commonwealth Government Grants	14,000	9,525
10,684	8,936	Industry Contributions/Donations	12,091	12,258
8,040	6,274	Cancer Institute grants	8,839	7,512
5,577	5,844	NSW Government Grants	6,280	6,382
24,921	25,166	Personnel Services - Superannuation Defined Benefit Plan [see note 4]	0	0
3,940	5,295	Research Grants	7,854	9,620
106	119	University Commission Grants	106	119
2,827	4,570	Other Grants	2,930	5,032
<u>70,919</u>	<u>70,747</u>		<u>57,828</u>	<u>55,804</u>
<b>13. Other Revenue</b>				
Other Revenue comprises the following:-				
449	608	Bad Debts Recovered	449	608
373	737	Commissions	373	737
1,749	1,650	Conference and Training Fees	1,750	1,650
71	79	Discounts	71	79
10	28	Sale of Merchandise, Old Wares and Books	10	28
46	123	Sponsorship Income	46	123
3,782	3,953	Treasury Managed Fund Hindsight Adjustment	3,782	3,953
2,672	2,408	Other	4,915	3,640
<u>9,152</u>	<u>9,586</u>		<u>11,396</u>	<u>10,818</u>
<b>14. Gain/(Loss) on Disposal</b>				
78,245	16,180	Property Plant and Equipment	78,439	16,180
76,004	15,059	Less Accumulated Depreciation	76,162	15,059
2,241	1,121	Written Down Value	2,277	1,121
727	782	Less Proceeds from Disposal	727	782
<u>(1,514)</u>	<u>(339)</u>	Gain/(Loss) on Disposal of Property Plant and Equipment	<u>(1,550)</u>	<u>(339)</u>
2,750	14,014	Assets Held for Sale	2,750	14,014
3,582	14,029	Less Proceeds from Disposal	3,582	14,029
<u>832</u>	<u>15</u>	Gain/(Loss) on Disposal of Assets Held for Sale	<u>832</u>	<u>15</u>
<u>(682)</u>	<u>(324)</u>	Total Gain/(Loss) on Disposal	<u>(718)</u>	<u>(324)</u>
<b>15. Other Gains/(Losses)</b>				



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(5,217)	(5,537)	Impairment of Receivables	(5,217)	(5,537)
<u>0</u>	<u>0</u>	Recognition of Loss on Loss of Control of Ingham	<u>(8,643)</u>	<u>0</u>
<u>(5,217)</u>	<u>(5,537)</u>		<u>(13,860)</u>	<u>(5,537)</u>

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16. Conditions on Contributions

**PARENT**

	Purchase of Assets \$000	Health Promotion, Education and Research \$000	Other \$000	Total \$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	4,590	17,398	47,180	69,168
Contributions recognised in amalgamated balance as at 30 June 2009 which were not expended in the current reporting period	6,580	43,041	90,019	139,640
Total amount of unexpended contributions as at balance date	<u>11,170</u>	<u>60,439</u>	<u>137,199</u>	<u>208,808</u>

Comment on restricted assets appears in Note 25

**CONSOLIDATION**

	Purchase of Assets \$000	Health Promotion, Education and Research \$000	Other \$000	Total \$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	4,590	24,672	50,045	79,307
Contributions recognised in amalgamated balance as at 30 June 2009 which were not expended in the current reporting period	15,376	44,489	92,879	152,744
Total amount of unexpended contributions as at balance date	<u>19,966</u>	<u>69,161</u>	<u>142,924</u>	<u>232,051</u>

Comment on restricted assets appears in Note 25

17 Service Groups of the Health Service

**Service Group 1.1 Primary and Community Based Services**

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

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

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

**Service Group 1.2 Aboriginal Health Services**

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

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

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

**Service Group 1.3 Outpatient Services**

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

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

**Service Group 2.1 Emergency Services**

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

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

**Service Group 2.2 Overnight Acute Inpatient Services**

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

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

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

### **Service Group 2.3 Same Day Acute Inpatient Services**

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

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

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

### **Service Group 3.1 Mental Health Services**

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

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

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

### **Service Group 4.1 Rehabilitation and Extended Care Services**

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

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

### **Service Group 5.1 Population Health Services**

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

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

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

### **Service Group 6.1 Teaching and Research**

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

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

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

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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>18. Cash and Cash Equivalents</b>				
80,569	63,934	Cash at Bank and On Hand	80,486	63,936
<u>110,751</u>	<u>106,786</u>	TCorp - Cash Facility and Bank Term Deposits	<u>124,847</u>	<u>120,348</u>
<b><u>191,320</u></b>	<b><u>170,720</u></b>		<b><u>205,333</u></b>	<b><u>184,284</u></b>
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>191,320</u>	<u>170,720</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>205,333</u>	<u>184,284</u>
<b><u>191,320</u></b>	<b><u>170,720</u></b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b><u>205,333</u></b>	<b><u>184,284</u></b>
Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.				
<b>19. Receivables</b>				
<b>Current</b>				
25,525	22,225	(a) Sale of Goods and Services	25,525	22,225
1,606	1,672	Prostheses	1,606	1,672
1,779	4,088	Intra Area charges	1,779	4,088
644	6,114	NSW Health Department	644	6,114
167	234	Workers Compensation	167	234
11,974	9,454	Sundry Debtors	12,209	9,977
0	879	Leave Mobility	0	879
9,908	7,867	Goods and Services Tax	10,039	8,011
<u>2,057</u>	<u>838</u>	Other Debtors	<u>2,100</u>	<u>1,327</u>
53,660	53,371	<b>Sub Total</b>	54,069	54,527
(7,321)	(7,183)	Less Allowance for Impairment - Patient Fees	(7,321)	(7,183)
<u>(2,600)</u>	<u>(2,295)</u>	Allowance for Impairment - Others	<u>(2,600)</u>	<u>(2,295)</u>
43,739	43,893	<b>Sub Total</b>	44,148	45,049
<u>12</u>	<u>62</u>	Prepayments	<u>12</u>	<u>61</u>
<b><u>43,751</u></b>	<b><u>43,955</u></b>		<b><u>44,160</u></b>	<b><u>45,110</u></b>
(b) Movement in the Allowance for Impairment				
Sale of Goods & Services				
(7,183)	(7,622)	Balance at 1 July	(7,183)	(7,622)
4,552	5,474	Amounts written off during the year	4,552	5,474
<u>(4,690)</u>	<u>(5,035)</u>	(Increase)/decrease in Allowance Recognised in Result for the Year	<u>(4,690)</u>	<u>(5,035)</u>
<b><u>(7,321)</u></b>	<b><u>(7,183)</u></b>	Balance at 30 June	<b><u>(7,321)</u></b>	<b><u>(7,183)</u></b>
(c) Movement in the Allowance for Impairment				
Sundry Debtors				
(2,295)	(1,838)	Balance at 1 July	(2,295)	(1,838)
222	45	Amounts written off during the year	222	45
<u>(527)</u>	<u>(502)</u>	(Increase)/decrease in Allowance Recognised in Result for the Year	<u>(527)</u>	<u>(502)</u>
<b><u>(2,600)</u></b>	<b><u>(2,295)</u></b>	Balance at 30 June	<b><u>(2,600)</u></b>	<b><u>(2,295)</u></b>

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PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
<b>19. Receivables (Continued)</b>				
(d) Sale of Goods and Services Receivables includes:				
7,780	7,066	Patient Fees - Compensable	7,780	7,066
6,230	5,062	Patient Fees - Ineligible	6,230	5,062
11,515	10,097	Patient Fees - Other	11,515	10,097
<b>25,525</b>	<b>22,225</b>		<b>25,525</b>	<b>22,225</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

1,530	1,575	<b>Non-Current</b> Prepayments	1,530	1,575
<b>1,530</b>	<b>1,575</b>		<b>1,530</b>	<b>1,575</b>

<b>20. Inventories</b>				
<b>Current - Held for Distribution</b>				
8,537	8,422	Drugs	8,537	8,422
2,475	2,221	Medical and Surgical Supplies	2,475	2,221
801	883	Food and Hotel Supplies	801	883
93	126	Engineering Supplies	93	126
37	37	Other including Goods in Transit	37	37
<b>11,943</b>	<b>11,689</b>		<b>11,943</b>	<b>11,689</b>

<b>21. Financial Assets at Fair Value</b>				
<b>Current</b>				
31,199	33,575	Treasury Corporation - Hour-Glass Facility	33,718	37,880
<b>31,199</b>	<b>33,575</b>		<b>33,718</b>	<b>37,880</b>

Refer to Note 37 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

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22. Property, Plant and Equipment

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
		<b>Land and Buildings - Fair Value</b>		
2,709,989	2,639,194	Gross Carrying Amount	2,721,472	2,649,954
955,807	978,163	Less Accumulated Depreciation and Impairment	958,920	980,834
<u>1,754,182</u>	<u>1,661,031</u>	Net Carrying Amount	<u>1,762,552</u>	<u>1,669,120</u>
		<b>Plant and Equipment - Fair Value</b>		
424,877	467,636	Gross Carrying Amount	427,212	470,156
302,436	352,826	Less Accumulated Depreciation and Impairment	303,770	354,097
<u>122,441</u>	<u>114,810</u>	Net Carrying Amount	<u>123,442</u>	<u>116,059</u>
<u>1,876,623</u>	<u>1,775,841</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>1,885,994</u>	<u>1,785,179</u>

22. Property, Plant and Equipment - Reconciliation

(a) PARENT

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
<b>2010</b>					
Net Carrying Amount at Start of Year	316,670	1,199,908	152,380	106,883	1,775,841
Additions		79	184,844	17,938	202,861
Recognition of Assets Held for Sale	(550)	(435)			(985)
Disposals				(2,241)	(2,241)
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	24,869	(50,912)			(26,043)
Depreciation Expense		(47,196)		(25,614)	(72,810)
Reclassifications		18,006	(38,865)	20,859	0
Net Carrying Amount at End of Year	<u>340,989</u>	<u>1,119,450</u>	<u>298,359</u>	<u>117,825</u>	<u>1,876,623</u>

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
<b>2009</b>					
Net Carrying Amount at Start of Year	341,294	1,127,222	63,894	114,317	1,646,727
Additions	550	1,380	97,662	15,806	115,398
Recognition of Assets Held for Sale	(2,846)	(450)	0	0	(3,296)
Disposals	0	0	0	(1,121)	(1,121)
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	(22,328)	113,493	0	0	91,165
Depreciation Expense	0	(46,809)	0	(26,223)	(73,032)
Reclassifications	0	5,072	(9,176)	4,104	0
Net Carrying Amount at End of Year	<u>316,670</u>	<u>1,199,908</u>	<u>152,380</u>	<u>106,883</u>	<u>1,775,841</u>



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(b) CONSOLIDATION

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
<b>2010</b>					
Net Carrying Amount at Start of Year	316,670	1,207,998	152,380	108,131	1,785,179
Additions		1,093	184,844	17,963	203,900
Recognition of Assets Held for Sale	(550)	(435)			(985)
Disposals				(2,277)	(2,277)
Net Revaluation Increment Less					0
Revaluation Decrements Recognised in Reserves	24,869	(51,098)			(26,229)
Depreciation Expense		(47,743)		(25,851)	(73,594)
Reclassifications		18,006	(38,865)	20,859	0
Net Carrying Amount at End of Year	<b>340,989</b>	<b>1,127,821</b>	<b>298,359</b>	<b>118,825</b>	<b>1,885,994</b>

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
<b>2009</b>					
Net Carrying Amount at Start of Year	341,294	1,131,710	63,894	115,696	1,652,594
Additions	550	4,721	97,662	15,919	118,852
Recognition of Assets Held for Sale	(2,846)	(450)	0	0	(3,296)
Disposals	0	0	0	(1,121)	(1,121)
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	(22,328)	114,017	0	0	91,689
Depreciation Expense	0	(47,072)	0	(26,467)	(73,539)
Reclassifications	0	5,072	(9,176)	4,104	0
Net Carrying Amount at End of Year	<b>316,670</b>	<b>1,207,998</b>	<b>152,380</b>	<b>108,131</b>	<b>1,785,179</b>

(i) Land and Buildings include land owned by the Health Administration Corporation and administered by SSWAHS [see note 2(g)].

(ii) The SSWAHS's Land and Buildings were valued by Corporeal Property Valuers (Registered Property Valuers and Consultants) on 1 July 2009 [see note 2 (j)]. Corporeal Property Valuers is not an employee of the SSWAHS.

(iii) In accordance with the fair value requirements of AASB 116, land and buildings 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 indice applied to Non Current Assets as determined by the Department of Lands:

Year	Land	Buildings
08/09	-7%	12%

(iv) The value of Work in Progress \$298.359 million at 30 June 2010 is represented by \$293.742 million for Building and \$4.617 million for Plant and Equipment (for 2008/09 year, the corresponding Work in Progress value of \$152.380 million is represented by \$144.453 for Building and \$7.927 million for Plant and Equipment).

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PARENT			CONSOLIDATION			
2010 \$000	2009 \$000		2010 \$000	2009 \$000		
<b>23. Non Current Assets - Other</b>						
537	474	Emerging Rights to Assets (refer Note 2(ab))	537	474		
<u>537</u>	<u>474</u>		<u>537</u>	<u>474</u>		
Private sector infrastructure arrangement						
		Year Commenced	Term of Arrangement	Carrying Value 2010 \$000	2009 \$000	
537	474	Bowral Private Medical Imaging	1996	15 years	537	474
<u>537</u>	<u>474</u>				<u>537</u>	<u>474</u>
<b>24. Non-Current Assets (or Disposal Groups) Held for Sale</b>						
<b>Assets held for sale</b>						
0	1,765	Land and Buildings	0	1,765		
<u>0</u>	<u>1,765</u>		<u>0</u>	<u>1,765</u>		
The following assets are held for sale:						
		* 149 - 155 Pitt St Redfern	0	1,765		
		Total	<u>0</u>	<u>1,765</u>		
<b>Amounts Recognised in Equity Relating to Assets Held for Sale</b>						
		Property, Plant and Equipment Asset Revaluation Increments / Decrements	0	373		
<u>0</u>	<u>373</u>		<u>0</u>	<u>373</u>		
<u>0</u>	<u>373</u>		<u>0</u>	<u>373</u>		
<b>25. Restricted Assets</b>						
SSWAHS's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.						
Category						
67,257	61,972	Specific Purposes	81,778	71,118		
60,439	59,678	Research Grants	69,161	71,638		
81,112	65,629	Private Practice Funds	81,112	65,629		
<u>208,808</u>	<u>187,279</u>		<u>232,051</u>	<u>208,385</u>		
<u>208,808</u>	<u>187,279</u>		<u>232,051</u>	<u>208,385</u>		

Details of Conditions on Contributions appear in Note 16.

Major categories included in the Parent and Consolidation are:

Category	Brief Details of Externally Imposed Conditions
Specific Purposes Trust Funds	Donations, contributions and fundraisings held for the benefit of specific patient, departmental area and /or staff groups.
Research Grants	Specific research grants.

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Private Practice Funds

Annual Infrastructure Charges raised in respect of Salaried  
Medical Officers Rights of Private Practice arrangement.

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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>26. Payables</b>				
<b>Current</b>				
0	0	Accrued Salaries, Wages and On-Costs	26,799	44,594
10,042	10,436	Taxation and Payroll Deductions	10,042	10,436
26,683	44,470	Accrued Liability - Purchase of Personnel Services	0	0
43,915	41,207	Creditors	43,915	41,207
5,745	4,665	GST Creditors	6,093	4,964
1,367	0	Creditors Intra Health	1,367	0
8,089	9,629	Sundry Creditors	8,335	9,991
2,923	5,415	Accrual Leave Mobility	2,924	5,415
17,096	13,755	Accrual Visiting Medical Officer	17,096	13,755
4,783	5,719	Other Creditors - Capital Works	4,783	5,719
<u>120,643</u>	<u>135,296</u>		<u>121,354</u>	<u>136,081</u>

26a. Payables	Parent	Division	Other Controlled Entities	Consolidation
Accrued Salaries and Wages	0	26,683	116	26,799
Accrued Liability - Purchase of Personnel Services	26,683	(26,683)	0	0
	<u>26,683</u>	<u>0</u>	<u>116</u>	<u>26,799</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>27. Borrowings</b>				
<b>Current</b>				
407	203	Loan from NSW Health	407	203
<u>407</u>	<u>203</u>		<u>407</u>	<u>203</u>
<b>Non-Current</b>				
304	454	Loan from NSW Health	304	454
	0	Other Loans and Deposits	1,812	2,000
<u>304</u>	<u>454</u>		<u>2,116</u>	<u>2,454</u>

Loans still to be extinguished represent monies to be repaid to the NSW Health Department. Final repayment is scheduled for June 2013.

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>Repayment of Borrowings</b>				
407	203	Not later than one year	407	203
304	454	Between one and five years	2,116	2,454
<u>711</u>	<u>657</u>	Total Borrowings at face value	<u>2,523</u>	<u>2,657</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>28. Provisions</b>				
<b>Current Employee Benefits and Related On-Costs</b>				
0	0	Annual Leave - Short Term Benefit	142,441	139,976
0	0	Annual Leave - Long Term Benefit	119,404	105,868
0	0	Long Service Leave - Short Term Benefit	27,308	24,289
0	0	Long Service Leave - Long Term Benefit	250,122	214,483
538,785	484,054	Provision for Personnel Services Liability	0	0
<u>538,785</u>	<u>484,054</u>	<b>Total Current Provisions</b>	<u>539,275</u>	<u>484,616</u>
Amount expected to be settled no more than 12 months after the reporting period				
			169,749	164,265
Amount expected to be settled more than 12 months after the reporting period				
			369,526	320,351
			<u>539,275</u>	<u>484,616</u>
<b>Non-Current Employee Benefits and Related On-Costs</b>				
0	0	Long Service Leave - Conditional	34,457	30,561
34,402	30,518	Provision for Personnel Services Liability	0	0
<u>34,402</u>	<u>30,518</u>	<b>Total Non-Current Provisions</b>	<u>34,457</u>	<u>30,561</u>
<b>Aggregate Employee Benefits and Related On-costs</b>				
538,785	484,054	Provisions - Current	539,275	484,616
34,402	30,518	Provisions - Non-Current	34,457	30,561
0	0	Accrued Salaries, Wages and On-Costs (Note 26)	26,799	44,594
26,683	44,470	Accrued Liability - Purchase of Personnel Services (Note 26)	0	0
10,042	10,436	Taxation and Payroll Deductions	10,042	10,436
<u>609,912</u>	<u>569,478</u>		<u>610,573</u>	<u>570,207</u>

		2010 \$000			
28a. Provisions		Parent	Division	Other Controlled Entities	Consolidation
<b>Current Employee Benefits and Related On-Costs</b>					
Employee Annual Leave - Short Term Benefit		0	142,048	393	142,441
Employee Annual Leave - Long Term Benefit		0	119,404	0	119,404
Employee Long Service Leave - Short Term Benefit		0	27,292	16	27,308
Employee Long Service Leave - Long Term Benefit		0	250,041	81	250,122
Provision for Personnel Services Liability		538,785	0	0	0
<b>Total Current Provisions</b>		<u>538,785</u>	<u>538,785</u>	<u>490</u>	<u>539,275</u>
<b>Non Current Employee Benefits and Related On-Costs</b>					
Employee Long Service Leave - Conditional		0	34,402	55	34,457
Provision for Personnel Services Liability		34,402	0	0	0
<b>Total Non Current Provisions</b>		<u>34,402</u>	<u>34,402</u>	<u>55</u>	<u>34,457</u>

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PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
<b>29. Commitments for Expenditure</b>				
<b>(a) Capital Commitments</b>				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, contracted for at balance date and not provided for:				
89,988	175,648	Not later than one year	89,988	175,648
24,769	165,776	Later than one year and not later than five years	24,769	165,776
<b>114,757</b>	<b>341,424</b>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<b>114,757</b>	<b>341,424</b>
Of the commitments reported at 30 June 2010 it is expected that \$0.947 million will be met from locally generated moneys.				
The Capital commitments above include commitments to the value of \$113.810 million that are managed by the Health Infrastructure division of the Health Administration Corporation. Health Infrastructure are funded to manage all major capital projects greater than \$10 million on behalf of Health Services. The commitments have been included above as they relate to work in progress that has been recognised with the Health Service's property, plant and equipment.				
<b>(b) Other Expenditure Commitments</b>				
- Purchase of Goods & Services				
18,760	0	Not later than one year	18,760	0
<b>18,760</b>	<b>0</b>	<b>Total Other Expenditure Commitments (Including GST)</b>	<b>18,760</b>	<b>0</b>
<b>(c) Operating Lease Commitments</b>				
Commitments in relation to non cancellable operating leases are payable as follows:				
14,261	12,246	Not later than one year	14,261	12,246
36,581	37,584	Later than one year and not later than five years	36,581	37,584
6,738	7,504	Later than five years	6,738	7,504
<b>57,580</b>	<b>57,334</b>	<b>Total Operating Lease Commitments (Including GST)</b>	<b>57,580</b>	<b>57,334</b>

The operating lease commitments above are for property, 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. \$191.097 million as at 30 June 2010 includes input tax credits of \$17.372 million that are expected to be recoverable from the Australian Taxation Office.

**PARENT AND CONSOLIDATION**

**30. Trust Funds**

SSWAHS holds trust fund moneys of \$25.079 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 SSWAHS 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	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Cash Balance at the beginning of the financial reporting period	127	144	5,398	5,014	16,917	15,713	22,442	20,871
Receipts	319	63	1,508	1,256	116,091	101,859	117,918	103,178
Expenditure	(342)	(80)	(2,803)	(872)	(112,136)	(100,655)	(115,281)	(101,607)
Cash Balance at the end of the financial reporting period	104	127	4,103	5,398	20,872	16,917	25,079	22,442

**PARENT AND CONSOLIDATION**

**31. Contingent Liabilities**

**a) Claims on Managed Fund**

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

**b) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2003/04 fund year and an interim adjustment for the 2005/06 fund year were not calculated until 2009/10. As a result, the 2004/05 final and 2006/07 interim hindsight calculations will be paid in 2010/11.

It is not possible for SSWAHS to reliably quantify the benefit to be received.

**c) Affiliated Health Organisations**

Based on the definition of control in Australian Accounting Standard AASB 127, *Consolidated and Separate Financial Statements*, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in SSWAHS's consolidated financial statements to the extent of cash payments made [Note 2(d)].

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, SSWAHS and the NSW Department of Health.

**d) Contingent Liability / Debtor**



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The lessee of certain property controlled by SSWAHS had made a claim against SSWAHS in relation to an agreement and lease for a proposed private hospital and car park. The private hospital and car park was to be constructed and operated by the lessee who only subsequently constructed a car park. The lessor, SSWAHS, terminated the lease in 2000. The lessee was seeking reinstatement to the land and in the alternative compensation and damages in respect of the SSWAHS's termination of the lease. SSWAHS sought some damages in a cross claim. The Supreme Court's judgment in favour of SSWAHS on both the lessee's claim and the cross claim was handed down in 2008/2009 in relation to the proceedings. The lessee's appeal against the Supreme Court's judgment was heard in 2010 and a decision is anticipated to be handed down prior to the end of 2010. Costs were awarded against the lessee on the Supreme Court proceedings on an indemnity basis on 7 October 2010.

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PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
<b>32. Reconciliation of Net Cash Flows from Operating Activities to Net Cost Of Services</b>				
54,248	57,533	Net Cash Flows from Operating Activities	53,441	60,797
(72,810)	(73,032)	Depreciation	(73,594)	(73,539)
(444)	(16)	Allowance for Impairment	(444)	(16)
0	0	Acceptance by the Crown Entity of Employee Superannuation Benefits	(24,921)	(25,166)
(58,614)	(54,681)	Decrease/(Increase) in Provisions	(58,555)	(54,842)
7,639	(691)	Increase / (Decrease) in Prepayments and Other Assets	7,372	2,305
15,743	22,527	(Increase)/ Decrease in Creditors	16,036	22,434
(682)	(324)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(718)	(324)
(1,946,275)	(1,915,968)	NSW Health Department Recurrent Allocations	(1,946,275)	(1,915,968)
(16,243)	(21,499)	NSW Health Department Capital Allocations	(16,243)	(21,499)
1,000	0	Prior Year Asset Sale Proceeds Returned to the NSW Department of Health	1,000	0
<b>(2,016,438)</b>	<b>(1,986,151)</b>	<b>Net Cost of Services</b>	<b>(2,042,901)</b>	<b>(2,005,818)</b>

**33. Non-Cash Financing and Investing Activities**

Capital Works Liverpool Hospital Redevelopment \$151.246 M  
(paid by Health Infrastructure)

Donation in Kind - Railway Bridge Works at Liverpool Hospital \$3.643M

**34. 2009/10 Voluntary Services**

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

Voluntary Services Providers:	Nature of Services:
• Chaplaincies and Pastoral Care	- Patient & Family Support
• Pink Ladies	- Patient Services, Fund Raising
• Patient Support Groups	- Practical Support to Patients and Relative
• Community Organisations	- Counselling, Health Education, Transport, Home Help & Patient Activities

**PARENT AND CONSOLIDATION**

**35. 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 SSWAHS 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 SSWAHS.

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.

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**36. Budget Review - Parent and Consolidation**

The actual Net Cost of Services was \$43.9 million lower than the budget. Expenditure was \$28.8 million lower than budget target (mainly in the Salaries and Wages, Other Operating Expenses). Revenue was \$27.1 million favourable. The revenue favourability was mainly from Sale of Goods & Services (\$14.1 million above target) and Grants & Contributions (\$10.1 million above target).

Result of the year was \$47.7 million (in surplus) favourable. The favourability was mainly due to the favourable result in both expenditure and revenue.

Total Assets were \$5 million less than budget target with \$34.3 million unfavourable in Non Current Assets and offset by \$29.4 million favourability in Current Assets.

Total Liabilities were \$26.4 million favourable to budget target (\$18.9 million favourable in Current Liabilities and \$7.5 million favourable in Non Current Liabilities).

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation on 16 June 2009 are as follows:-

	\$000
Initial Allocation	1,901,617
Planned Surgery	4,800
Drug and Alcohol	3,704
Mental Health Services	3,673
Caring Together	3,125
Medical Physicists Awards	3,130
National Partnership Prevention Agreement on Subacute Care	2,773
Nurse / Midwifery Strategy	2,655
Severe Chronic Disease	1,901
Revenue Budget	1,600
AIDS	1,464
Maternity Initiatives / Enhancement	1,399
Visiting Medical Officers Awards	1,178
Organ and Tissue Donation Funding	1,010
Renal Services Enhancement	707
Keep Them Safe	907
Sustained Health Home Visiting Pilot	868
High Cost Drug	568
Oral Health Services	258
Miscellaneous	<u>8,938</u>
Balance as per Statement of Comprehensive Income	<u><u>1,946,275</u></u>

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**37. Financial Instruments**

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

SSWAHS's main risks arising from financial instruments are outlined below, together with the SSWAHS'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 SSWAHS, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors on a continuous basis.

**a) Financial Instrument Categories**

**PARENT**

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2010 \$000	2009 \$000
Cash and Cash Equivalents (note 18)	N/A	191,320	170,720
Receivables (note 19) <sup>1</sup>	Loan and receivables (at amortised cost)	33,831	36,026
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	31,199	33,575
<b>Total Financial Assets</b>		<b>256,350</b>	<b>240,321</b>
<b>Financial Liabilities</b>			
Borrowings (Note 27)	Financial liabilities	711	657
Payables (Note 26) <sup>2</sup>	measured at	114,898	130,631
Other	amortised cost		
<b>Total Financial Liabilities</b>		<b>115,609</b>	<b>131,288</b>

Notes

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

2 Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

**CONSOLIDATION**

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2010 \$000	2009 \$000
Cash and Cash Equivalents (note 18)	N/A	205,333	184,284
Receivables (note 19) <sup>1</sup>	Loan and receivables (at amortised cost)	34,109	37,038
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	33,718	37,880
<b>Total Financial Assets</b>		<b>273,160</b>	<b>259,202</b>
<b>Financial Liabilities</b>			
Borrowings (Note 27)	Financial liabilities	2,523	2,657
Payables (Note 26) <sup>2</sup>	measured at	115,261	131,117
Other	amortised cost		
<b>Total Financial Liabilities</b>		<b>117,784</b>	<b>133,774</b>

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Notes

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

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b) **Credit Risk**

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

Credit risk associated with the SSWAHS'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 balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 2.45% to 3.63% in 2009/10 compared to 3.45% to 4.57% in the previous year. The TCorp Hour Glass cash facility is discussed in para (d) below.

**Receivables - trade debtors**

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

SSWAHS is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Of the total debtors balance at year-end, \$17.328 M (2009: \$16.745 M) related to debtors that were not past due and not considered impaired and debtors of \$17.781 M (2009: \$20.293 M) were past due but not considered impaired. Together these represent 77% (2009: 80%) of total trade debtors. The Receivables include Patient Fees Compensables which 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 SSWAHS's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

Financial assets that are past due or impaired could be 'sales of goods and services', 'prostheses', 'sundry debtors' or 'other debtors' in the 'receivables' category of the Statement of Financial Position. Patient Fees Ineligibles may represent the majority of financial assets that are past due or impaired.

CONSOLIDATION		\$000	
		Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
<b>2010</b>	<b>Total<sup>1,2</sup></b>		
<3 months overdue	8,172	7,361	811
3 months - 6 months overdue	7,757	5,925	1,832
> 6 months overdue	11,773	4,495	7,278
<b>2009</b>			
<3 months overdue	6,517	5,742	775
3 months - 6 months overdue	3,579	1,829	1,750
> 6 months overdue	19,675	12,722	6,953

**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.

Values under "Considered Impaired" should generally relate closely to current year allowance for impairment.

**Authority Deposits**

SSWAHS 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 4.39% (2009: 5.21%), while over the year the weighted average interest rate was 4.37% (2009: 5.07%) on a weighted average balance during the year of \$122.146M (2009: \$118.470M). None of these assets are past due or impaired.

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c) **Liquidity risk**

Liquidity risk is the risk that SSWAHS will be unable to meet its payment obligations when they fall due. SSWAHS 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.

SSWAHS has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

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

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

In those instances where settlement cannot be affected in accordance with the above, eg. due to short term liquidity constraints, terms of payment are negotiated with creditors.

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

Maturity Analysis and interest rate exposure of financial liabilities

CONSOLIDATION	\$'000					Maturity Dates		
	Weighted Average Effective Int. rate	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2010	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Payables:								
Accrued Salaries, Wages and On-Costs	-	26,799	-	-	26,799	26,799	-	-
Taxation and Payroll Deductions	-	10,042	-	-	10,042	10,042	-	-
Creditors	-	58,400	-	-	58,400	58,400	-	-
NSW Health Loan	-	711	-	-	711	407	304	-
Other Loans and Deposits	6.7	2,900	2,900	-	-	-	475	2,425
Accrued Leave Mobility	-	2,924	-	-	2,924	2,924	-	-
Accrued VMO	-	17,096	-	-	17,096	17,096	-	-
		118,872	2,900	-	115,972	115,668	779	2,425
2009								
Payables:								
Accrued Salaries, Wages and On-Costs	-	44,594	-	-	44,594	44,594	-	-
Taxation and Payroll Deductions	-	10,436	-	-	10,436	10,436	-	-
Creditors	-	56,916	-	-	56,916	56,916	-	-
NSW Health Loan	-	657	-	-	657	203	454	-
Other Loans and Deposits	6.7	2,900	2,900	-	-	-	150	2,750
Accrued Leave Mobility	-	5,415	-	-	5,415	5,415	-	-
Accrued VMO	-	13,755	-	-	13,755	13,755	-	-
		134,673	2,900	-	131,773	131,319	604	2,750

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which SSWAHS 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. SSWAHS's exposures to market risk are primarily through interest rate risk on the SSWAHS's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. SSWAHS 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 SSWAHS 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 2009. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

However, SSWAHS is not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority (SEDA) loans which are negotiated through Treasury excepted). Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The SSWAHS 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. SSWAHS's exposure to interest rate risk is set out below.

PARENT	\$'000	-1%		+1%	
		Carrying Amount	Profit	Equity	Profit
<b>2010</b>					
<b>Financial assets</b>					
Cash and Cash Equivalents	191,320	(1,913)	(1,913)	1,913	1,913
Financial Assets at Fair Value	31,199	(312)	(312)	312	312
<b>2009</b>					
<b>Financial assets</b>					
Cash and Cash Equivalents	170,720	(1,707)	(1,707)	1,707	1,707
Financial Assets at Fair Value	33,575	(336)	(336)	336	336
<b>CONSOLIDATION</b>					
<b>\$'000</b>					
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
<b>2010</b>					
<b>Financial assets</b>					
Cash and Cash Equivalents	205,333	(2,053)	(2,053)	2,053	2,053
Financial Assets at Fair Value	33,718	(337)	(337)	337	337
<b>2009</b>					
<b>Financial assets</b>					
Cash and Cash Equivalents	184,284	(1,843)	(1,843)	1,843	1,843
Financial Assets at Fair Value	37,880	(379)	(379)	379	379



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

Facility	Investment Sectors	Investment Horizon	2010	2009
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	125,172	121,154
Strategic Cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	3,629	5,395
Medium term growth facility	Cash, money market instruments Australian and International bonds, listed property, Australian and International shares	3 years to 7 years	13,830	15,044
Long-term growth facility	Cash, money market instruments Australian and International bonds, listed property, Australian and International shares	7 years and over	18,002	19,548

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 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 Health Service'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 (i.e. 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).

	Change in unit price	Impact on profit/loss	
		2010 \$'000	2009 \$'000
Hour-Glass Investment - Cash facility	1%	1,252	1,212
Hour-Glass Investment - Strategic cash facility	1%	36	108
Hour-Glass Investment - Medium-term growth facility	7%	968	1,053
Hour-Glass Investment - Long-term growth facility	15%	2,700	2,932

**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 SSWAHS's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value because of the short term nature of many of the financial instruments. There are no financial instruments where the fair value differs from the carrying amount.

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

SSWAHS 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	2010 Total \$'000
Investment Facility	0	160,633	0	160,633

(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 2010.

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**38. Post Balance Date Events**

- a.) On 20 April 2010 the State of NSW and the Commonwealth agreed on national health reforms to establish Local Health Networks in NSW and to introduce national standards for timely access to emergency care and elective surgery.

Under the Agreement, NSW will remain responsible for system-wide planning, performance and purchasing of public hospital services and supporting the transition process for the Commonwealth to assume full funding and policy responsibility for general practice, primary health care and the national aged care system.

This agreement will result in structural and corporate changes including the establishment of these Local Health Network in 2010-11. A professional Governing Council will be constituted for each Local Health Network. It is expected that these reform will significantly change this reporting entity.

- b.) Effective from 19 July 2010, the Concord Warehouse and its inventory has been transferred to Health Support Service (HSS). SSWAHS will purchase the inventory from HSS.

END OF AUDITED FINANCIAL STATEMENTS

