

South Eastern Sydney Area Health Service
ABN 96874573624
Statement of Financial Performance for the Year Ended 30 June 2004

	Notes	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000
Expenses				
Operating Expenses				
Employee Related	3	676,518	678,279	625,261
Visiting Medical Officers		29,741	29,535	27,818
Goods and Services	4	238,925	236,584	228,646
Maintenance	5	25,697	27,262	23,752
Depreciation and Amortisation	2(j), 6	33,915	33,914	33,712
Grants and Subsidies	7	17,466	17,249	15,241
Borrowing Costs	8	153	152	609
Payments to Affiliated Health Organisations	9	231,534	231,534	209,522
Total Expenses		1,253,949	1,254,509	1,164,561
Revenues				
Sale of Goods and Services	10	324,192	318,277	316,649
Investment Income	11	8,436	7,420	5,165
Grants and Contributions	12	20,870	26,732	24,722
Other Revenue	13	4,950	4,631	3,171
Total Revenues		358,448	357,060	349,707
Gain/(Loss) on Disposal of Non Current Assets	14	5,448	6,227	118
Net Cost of Services	32	890,053	891,222	814,736
Government Contributions				
NSW Health Department Recurrent Allocations	2(d)	805,478	805,478	725,949
NSW Health Department Capital Allocations	2(d)	18,834	19,266	57,285
(Asset Sale Proceeds Transferred to NSW Health Department)		(16,000)	(16,000)	-
Acceptance by the Crown Entity of Employee Superannuation Benefits	2(a)	55,077	55,077	51,263
Total Government Contributions		863,389	863,821	834,497
RESULT FOR THE YEAR FROM ORDINARY ACTIVITIES	27	(26,664)	(27,401)	19,761
Net increase in Asset Revaluation Reserve	27	159,460	-	-
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		159,460	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	27	132,796	(27,401)	19,761

The accompanying notes form part of these Financial Statements

South Eastern Sydney Area Health Service
ABN 96874573624
Statement of Financial Position as at 30 June 2004

	Notes	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000
ASSETS				
Current Assets				
Cash	16	13,043	3,508	8,121
Receivables	18	22,710	19,368	21,969
Inventories	19	12,334	11,628	12,330
Other Financial Assets	17	66,000	65,845	63,345
Other	20	5,772	5,714	5,212
Total Current Assets		119,859	106,063	110,977
Non-Current Assets				
Receivables	18	899	898	1,098
Property, Plant and Equipment				
Land and Buildings	21	981,387	822,021	868,070
Plant and Equipment	21	49,858	59,707	46,569
Infrastructure Systems	21	149	149	153
Total Non-Current Assets		1,032,293	882,775	915,890
Total Assets		1,152,152	988,838	1,026,867
LIABILITIES				
Current Liabilities				
Payables	23	78,266	82,692	77,646
Interest Bearing Liabilities	24	836	837	2,954
Provisions	25	61,082	61,083	56,256
Other	26	13,490	5,945	27,384
Total Current Liabilities		153,674	150,557	164,240
Non-Current Liabilities				
Interest Bearing Liabilities	24	1,798	1,798	121
Provisions	25	119,813	119,813	111,761
Other	26	32,403	32,403	39,077
Total Non-Current Liabilities		154,014	154,014	150,959
Total Liabilities		307,688	304,571	315,199
Net Assets		844,464	684,267	711,668
EQUITY				
Reserves	27	251,096	91,146	91,146
Accumulated Funds	27	593,368	593,121	620,522
Total Equity		844,464	684,267	711,668

The accompanying notes form part of these Financial Statements

South Eastern Sydney Area Health Service
ABN 96874573624
Statement of Cash Flows for the Year Ended 30 June 2004

	Notes	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
	2(u)			
Payments				
Employee Related		(610,336)	(613,163)	(551,042)
Grants and Subsidies		(19,213)	(18,996)	(16,765)
Borrowing Costs		(153)	(152)	(609)
GST Paid to Australian Tax Office		(6,450)	(6,450)	(7,680)
Other		(573,158)	(571,004)	(529,436)
Total Payments		(1,209,310)	(1,209,765)	(1,105,532)
Receipts				
Sale of Goods and Services		325,937	321,948	331,181
Investment Income		7,733	7,420	4,624
Commonwealth Grants		507	1,199	2,971
GST Received from Australian Tax Office		51,861	51,861	52,907
Other		7,299	10,631	29,893
Total Receipts		393,337	393,059	421,576
Cash Flows From Government				
NSW Health Department Recurrent Allocations		805,478	805,478	725,949
NSW Health Department Capital Allocations		18,834	19,266	57,285
Asset Sale Proceeds transferred to NSW Health		(16,000)	(16,000)	-
Net Cash Flows from Government		808,312	808,744	783,234
NET CASH FLOWS FROM OPERATING ACTIVITIES	32	(7,661)	(7,962)	99,278
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems		40,136	40,915	1,424
Proceeds from Sale of Investments		2,000	-	-
Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems		(26,616)	(36,786)	(75,555)
Purchases of Investments		(4,655)	(2,500)	(11,643)
NET CASH FLOWS FROM INVESTING ACTIVITIES		10,865	1,629	(85,774)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Borrowings and Advances		6,718	-	602
Repayment of Borrowings and Advances		(5,000)	1,720	(10,827)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,718	1,720	(10,225)
NET INCREASE / (DECREASE) IN CASH		4,922	(4,613)	3,279
Opening Cash and Cash Equivalents		8,121	8,121	4,842
CLOSING CASH AND CASH EQUIVALENTS	16	13,043	3,508	8,121

The accompanying notes form part of these Financial Statements

South Eastern Sydney Area Health Service
ABN 96874573624
Program Statement – Expenses and Revenues for the Year Ended 30 June 2004

SOUTH EASTERN SYDNEY AREA HEALTH SERVICE'S EXPENSES AND REVENUES	Program 1.1 *		Program 1.2 *		Program 1.3 *		Program 2.1 *		Program 2.2 *		Program 2.3 *		Program 3.1 *		Program 4.1 *		Program 5.1 *		Program 6.1 *		Grand Total		
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses																							
Operating Expenses	30532	30279	541	361	99,176	49,746	46,886	283,794	34,392	34,007	39,162	31,870	49,271	44,743	12,411	10,031	12,411	10,031	53,029	44,114	676,518	625,261	
Employee Related	2,076	2,104	34	22	3,892	2,436	2,312	12,588	1,598	1,570	1,763	1,457	1,770	1,588	1,483	1,028	1,483	1,028	1,993	1,912	29,741	27,818	
Visiting Medical Officers	8,863	9,903	145	131	30,249	13,781	13,846	83,278	9,619	10,304	11,479	10,137	11,801	11,386	4,388	3,808	4,388	3,808	18,204	13,092	191,068	186,148	
Goods and Services	-	-	-	-	-	3,406	2,900	36,913	5,773	5,897	-	-	1,768	1,363	-	-	-	-	-	-	47,860	42,501	
Patient Outflows	1,068	1,511	21	17	3,966	1,746	1,791	10,537	1,166	1,268	1,418	1,200	1,941	1,533	414	643	414	643	3,433	1,633	25,697	23,732	
Maintenance and Depreciation and Amortisation	1,288	1,284	26	21	5,438	2,514	2,496	15,177	1,750	1,883	2,101	1,879	2,646	2,639	433	366	433	366	2,460	2,388	33,915	33,712	
Grants and Subsidies	5,431	7,393	134	76	945	387	134	588	53	125	1,397	1,147	82	115	7,333	4,879	7,333	4,879	1,423	147	17,468	15,241	
Borrowing Costs	6	25	-	-	26	104	45	70	7	31	9	31	12	50	1	6	1	6	11	42	153	609	
Payments to Affiliated Organisations	10,040	8,852	57	52	48,470	12,886	12,167	90,563	5,238	5,444	9,508	9,021	40,271	36,271	-	-	-	-	14,499	11,846	231,534	209,522	
Total Expenses	59,301	61,553	958	680	189,388	86,602	82,592	553,467	59,693	60,616	68,837	55,772	109,662	99,888	26,464	20,761	26,464	20,761	95,053	73,177	1,253,948	1,164,553	
Revenue																							
Sale of Goods and Services	3,071	3,669	6	47	15,568	3,531	7,012	46,749	5,114	5,235	2,767	4,793	12,188	11,025	998	905	998	905	9,290	6,839	92,321	99,349	
Patient Inflows	-	-	-	-	-	11,586	11,541	165,963	26,471	24,892	-	-	7,398	6,965	-	-	-	-	-	-	211,397	197,029	
Patient Fees DVA	439	803	1	9	1,799	1,031	1,704	12,278	1,048	1,000	761	1,328	1,973	1,497	172	197	172	197	973	1,353	20,474	20,274	
Investment Income	232	238	-	4	662	233	404	2,300	279	315	225	284	508	355	56	113	56	113	3,942	372	8,436	5,168	
Grants and Contributions	568	2,631	1	25	1,666	3,790	1,790	5,381	459	1,239	425	1,076	666	1,031	3,375	1,148	3,375	1,148	7,810	1,664	20,870	24,722	
Other Revenue	197	137	-	2	546	217	201	2,529	415	186	173	153	522	290	103	53	103	53	248	221	4,950	3,177	
Total Revenue	4,507	7,478	8	87	13,273	23,679	22,662	235,199	33,786	32,883	4,351	7,616	23,258	21,166	4,703	2,416	4,703	2,416	22,283	10,458	353,448	349,701	
Gain/ (Loss) on Sale of Non Current Assets	222	(29)	1	-	976	256	16	2,046	262	-	486	17	589	27	(1)	(24)	(1)	(24)	60	6	5,448	118	
Net Cost of Services	54,631	53,904	949	593	165,694	69,242	59,931	316,218	25,938	27,751	61,990	48,139	85,718	77,508	21,764	18,369	21,764	18,369	72,190	64,710	890,053	814,736	

* The name and purpose of each program is summarised in Note 37. The program statement uses statistical activity data from 1 July 2003 to 31 March 2004 (extrapolated to cover the full year), to allocate the current year's financial information to each program. No changes have occurred during the period between 1 April 2004 and 30 June 2004 which would materially impact this allocation for the entire year. For the year ended 30 June 2004, different program fractions were used to allocate general fund expenses, general fund revenue, special purpose expenses and special purpose revenue. For the year ended 30 June 2003, the same program fractions were used to allocate all expense and revenue items.

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Notes To and Forming Part of the Financial Statements
for the Year Ended 30 June 2004

1. The South Eastern Sydney Area Health Service Reporting Entity

South Eastern Sydney Area Health Service, as a reporting entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by South Eastern Sydney Area Health Service. South Eastern Sydney Area Health Service reporting entity is consolidated as part of the NSW Total State Sector Accounts.

2. Summary of Significant Accounting Policies

South Eastern Sydney Area Health Service's Financial Statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Consensus Views and the requirements of the Health Services Act 1997 and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS6 "Accounting Policies" is considered. Statements of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, other mandatory professional requirements and legislative requirements.

Except for certain investments, land and buildings, plant and equipment and infrastructure systems, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Other significant accounting policies used in the preparation of these Financial Statements are as follows:

a) Employee Benefits and Other Provisions

1. Salaries and Wages, Annual Leave, Sick Leave and On Costs (including non-monetary benefits).

Liabilities for wages and salaries, annual leave, vesting sick leave and related on-costs are recognised and measured in respect of employees' services up to the reporting date at nominal amounts expected to be paid when the liabilities are settled.

Employee leave entitlements are dissected between the "Current" and "Non Current" components on the basis of anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.

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 (FBT), which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

2. Long Service Leave.

Long Service Leave is measured on a shorthand basis at an escalated rate of 3.7% above the salary rates immediately payable at 30 June 2004 for all employees with five or more years of service. The Government Actuary considers that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

Employee leave entitlements are dissected between the "Current" and "Non Current" components on the basis of anticipated payments for the next 12 months. This in turn is based on past trends and known resignations and retirements.

3. Superannuation.

South Eastern Sydney Area Health Service's liability for superannuation is assumed by the Crown Entity. South Eastern Sydney Area Health Service accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Superannuation Benefits".

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Health Department. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary.

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For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

4. Other Provisions

Other provisions exist when the South Eastern Sydney Area Health Service has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be reliably measured.

b) Insurance

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

c) Borrowing Costs

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

d) Revenue Recognition

Revenue is recognised when the South Eastern Sydney Area Health Service has control of the good or right to receive, it is probable that the economic benefits will flow to the South Eastern Sydney Area Health Service and the amounts of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services, i.e. user charges. User charges are recognised as revenue when the South Eastern Sydney Area Health Service obtains control of the assets that result from them.

Patient Fees

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

Investment Income

Interest revenue is recognised as it accrues. Rent revenue is recognised in accordance with AAS17 "Accounting for Leases". Dividend revenue is recognised when the South Eastern Sydney Area Health Service's right to receive payment is established.

Debt Forgiveness

In accordance with the provisions of Australian Accounting Standard AAS23, debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability or the debt is subject to a legal defeasance.

Use of Hospital Facilities

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

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

Use of Outside Facilities

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

Grants and Contributions

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

NSW Health Department Allocations

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for the Year Ended 30 June 2004

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

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

e) Goods and Services Tax (GST)

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

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

f) Inter Area and Interstate Patient Flows

Inter Area Patient Flows

Health Services recognise patient flows from 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 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 Health Recurrent Allocation.

Inter State Patient Flows

Health Services recognise the outflow of acute inpatients from the Area in which they are resident to other States and Territories within Australia. The Health Services also recognise the value of inflows for acute inpatient treatment provided to residents from other States and Territories. The expense and revenue values reported within the financial statements have been based on 2002/03 activity using standard cost weighted separation values to reflect estimated costs in 2003/04 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 inter state 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 revenue/expense is disclosed in Notes 4 and 10.

g) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

h) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the South Eastern Sydney Area Health Service. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate, being the rate at which similar borrowing could be obtained.

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

i) Plant and Equipment

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Individual items of plant and equipment costing \$5,000 and above are capitalised.

j) Depreciation

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to South Eastern Sydney Area Health Service. Thus, the depreciation rates for some assets may vary from the standard depreciation rates (shown below). Land is not a depreciable asset.

Standard depreciation rates for major asset categories are as follows:

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Computer Software	20.0%
Infrastructure Systems	2.5%
Office Equipment	10.0%
Plant and Machinery	10.0%
Furniture, Fittings and Furnishings	5.0%

k) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Health Department's "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value". This policy adopts fair value in accordance with AASB 1041 from financial years beginning 1 July 2002. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted by the South Eastern Sydney Area Health Service.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price; i.e., the replacement cost of the asset's remaining service potential. The South Eastern Sydney Area Health Service is a not for profit entity with no cash generating operations.

Each class of physical non-current assets is revalued every five years. The last revaluation was completed on 30 June 2000, and was based on an independent assessment. In determining fair value of physical non current assets the South Eastern Sydney Area Health Service, for the year ended 30 June 2004, indices, based on valuation assessments by the NSW State Valuation Office, were applied to land and building assets categorised at market value (A) or written down replacement value (B). Indexation figures of 1.75, 1, 1.6 and 1.134 have been applied to land and buildings in the respective categories.

Non-specialised generalised 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 is separately restated.

Otherwise, 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 from Ordinary Activities, the increment is recognised immediately as revenue in the Result for the Year from Ordinary Activities.

Revaluation decrements are recognised immediately as expenses in the Result for the Year from Ordinary Activities, 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.

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

l) Maintenance and Repairs

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

m) 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.

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Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock mainly on the basis of weighted average costs. Obsolete items are disposed of in accordance with instructions issued by the NSW Health Department.

o) Other Financial Assets

“Other financial assets” are generally recognised at cost, with the exception of TCorp Hour Glass Facilities and Managed Fund Investments, which are measured at market value.

For non-current “other financial assets”, revaluation increments and decrements are recognised in the same manner as physical non-current assets (see paragraph k).

For current “other financial assets”, revaluation increments and decrements are recognised in the Statement of Financial Performance.

p) 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 as a contribution by owners and is recognised as an adjustment to “Accumulated Funds”. This treatment is consistent with Urgent Issues Group Abstract UIG 38 “Contributions by Owners Made to Wholly Owned Public Sector Entities”.

Transfers arising from an administrative restructure between Health Services/Government Departments are recognised at the amount at which the asset was recognised by the transferor Health Services/Government Department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

q) Financial Instruments

Financial instruments give rise to positions that are a financial asset of either South Eastern Sydney Area Health Service or its counterpart and a financial liability (or equity instrument) of the other party. For South Eastern Sydney Area Health Service these include cash at bank, receivables, other financial assets, payables and interest bearing liabilities.

In accordance with Australian Accounting Standard AAS33, “Presentation and Disclosure of Financial Instruments”, information is disclosed in Note 38 in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at net fair value.

The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost and their terms and conditions at balance date are as follows:

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1. Cash

Accounting Policies - Cash is carried at nominal values reconcilable to monies on hand and independent bank statements.

Terms and Conditions - Monies on deposit attract an effective interest rate of approximately 4.5% (4.2% in 2002/2003).

2. Receivables

Accounting Policies - Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. No interest is earned on trade debtors.

Terms and Conditions - Accounts are issued on 30 day terms.

3. Investments

Accounting Policies - Investments reported at cost include both short term and fixed term deposits, exclusive of Hour Glass funds invested with Treasury Corporation. Interest is recognised in the Statement of Financial Performance when earned. Interest is reinvested when the interest has been paid by TCorp. Shares are carried at cost with dividend income recognised when the dividends are declared by the investee.

Terms and Conditions - Short term deposits have an average maturity of 182 days (182 days in 2002/2003) and effective interest rate of 8.66% as compared to 3.45% in the previous year.

Classes of instruments recorded at market value comprise:

(a) Hour Glass Investment Facilities

South Eastern Sydney Area Health Service has investments in TCorp's Hour Glass Investment facilities. South Eastern Sydney Area Health Service's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

South Eastern Sydney Area Health Service's investments are:

<u>Hour Glass Facility</u>	<u>2004</u> <u>\$000</u>	<u>2003</u> <u>\$000</u>
Cash	5,623	7,057
Bond Market	14,777	16,332
Medium Term Growth	33,180	30,980
Long Term Growth	18,043	16,032
	<u>71,623</u>	<u>70,401</u>

These investments are generally able to be redeemed with up to five business days notice (dependent upon the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents South Eastern Sydney Area Health Service's share of the value of the underlying assets of the facility and is stated at net fair value.

(b) Other

There are no classes of instruments that are recorded at other than cost or market valuation.

All financial instruments including revenue, expenses and other cash flows arising from instruments are recognised on an accrual basis.

4. Payables

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

Terms and Conditions - Trade liabilities are settled within any terms specified where possible. If no terms are specified, payment is made by the end of the month following the month in which the invoice is received.

5. Interest Bearing Liabilities

Accounting Policies - Bank overdrafts and loans are carried at the principal amount. Interest is charged as an expense as it accrues. Finance lease liability is accounted for in accordance with Australian Accounting Standard, AAS17.

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Terms and Conditions - Bank overdraft interest is charged at the bank's benchmark rate. Non interest bearing loans of \$3.6m are repayable during the 2004/05 year and \$9.6m are repayable during the 2005/06 and subsequent years. Interest bearing loans of \$0.8m are repayable during 2004/05, with interest charged at 6.45% (6.35% in 2002/03) and \$1.8m are repayable during the 2005/06 and subsequent years .

r) Payables

These amounts represent liabilities for goods and services provided to South Eastern Sydney Area Health Service, and other amounts, including interest. Interest is accrued over the period it becomes due.

s) Interest Bearing Liabilities

All loans are valued at current capital value.

t) Trust Funds

South Eastern Sydney Area Health Service receives monies in a trustee capacity for various trusts as set out in note 29. As South Eastern Sydney Area Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of South Eastern Sydney Area Health Service's own objectives, they are not brought to account in the financial statements.

u) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effect of additional supplementation provided. Details of the budget are contained in note 35 on budget review. The budget amounts exclude GST except in the statement of cash flows, where the budget has been grossed up to include GST. This is to provide a more meaningful comparison between actual and budget.

v) Reclassification of Financial Information

South Eastern Sydney Area Health Service has treated interstate patient flows and inter area patient flows as a cash transaction for the year ended 30 June 2004. The comparative figures for the statement of cash flows and the reconciliation of net cost of services to net cash flows from operating activities (note 32) have been adjusted to reflect this change.

Receivables (note 18) has been expanded to provide details on debtors leave mobility, debtors NSW Health, provision for doubtful debts patient fees, provision for doubtful debts other, bad debts written off during the year, patient fees and bad debts written off during the year for other debtors. As a result of these changes the amounts for 2002/03 have been reclassified to ensure comparability.

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	2004	2003
	\$000	\$000
3. Employee Related		
Employee related expenses comprise the following:		
Salaries and Wages	501,016	456,784
Enterprise Agreements/Awards	32,358	20,294
Long Service Leave [see note 2(a)]	19,002	20,792
Annual Leave [see note 2(a)]	51,506	52,335
Nursing Agency Payments	10,005	11,722
Nursing Agency Commissions	2,660	2,623
Other Agency Commissions	29	35
Salary Packaging	(7,546)	(3,500)
Workers' Compensation Insurance	12,411	12,913
Superannuation [see note 2(a)]	55,077	51,263
	<u>676,518</u>	<u>625,261</u>

Salaries and Wages include \$134,084 (\$134,584 in 2002/2003) paid to members of South Eastern Sydney Area Health Service Board consistent with the Statutory Determination by the Minister for Health, which provided remuneration effective from 1 July, 2000.

The payments have been made within the following bands:

\$ range	Number paid
\$0 to \$15,000	9
\$15,000 to \$30,000	1

Fees/other benefits paid to South Eastern Sydney Area Health Service Board members, excluding payments made in the nature of normal employee salary or payments made in accordance with conditions applied to Visiting Medical Officers in general, is nil.

The following additional information is provided:

Maintenance staff costs included in Employee Related Expenses	3,695	3,563
Employee Related Expenses capitalised – Land and Buildings	-	335

Note 5 further refers.

4. Goods and Services

(a) Expenses on goods and services comprise the following:

Computer Related Expenses	2,663	3,034
Domestic Charges	14,536	13,666
Drug Supplies	54,902	50,781
Food Supplies	6,736	6,818
Fuel, Light and Power	6,418	5,979
General Expenses [see note 4(b)]	18,951	19,837
Hospital Ambulance Transport Costs	1,963	1,517
Insurance [see note 2(b)]	874	1,079
Inter Area Patient Outflows NSW [see note 4(c)]	46,315	40,863
Interstate Patient Outflows [see note 4(d)]	1,548	1,638
Medical and Surgical Supplies	47,543	45,494
Postal	743	736
Printing and Stationery	4,937	4,795
Rental of Premises	761	768
Rates and Charges	63	66
Special Service Departments	19,024	20,595
Staff Related Costs	3,160	3,014
Telephone	3,150	3,180
Travelling - Domestic	1,735	1,532
Travelling - Overseas	1,491	1,716
Water Rates	1,412	1,538
	<u>238,925</u>	<u>228,646</u>

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4. Goods and Services (continued)	2004	2003
	\$000	\$000
(b) General expenses include:		
Advertising	540	882
Books and Magazines	935	1,310
Consultancies	994	1,001
Courier and Freight	725	697
Debt Collection	123	115
Auditor's Remuneration - Audit of financial reports	227	213
Legal Expenses	400	236
Licence Fees	506	585
Membership/Professional Fees	400	513
Motor Vehicle Expenses	580	709
Motor Vehicle Operating Lease Expense - minimum lease payments	1,774	1,765
Other Operating Lease Expense – minimum lease payments	8,053	7,662
Provision for Bad and Doubtful Debts Patient Fees	2,579	1,476
Provision for Bad and Doubtful Debts Other	647	74
Quality Assurance	246	254
Other	222	2,345
	<u>18,951</u>	<u>19,837</u>
(c) Expenses for Inter Area Patient Flows, NSW on an Area basis are as follows:		
<i>Area Health Service providing treatment to residents of South Eastern Sydney</i>		
<i>Area Health Service:</i>		
Central Coast	322	314
Central Sydney	28,365	24,085
Children's Hospital	2,054	2,576
Far Western	66	22
Greater Murray	123	122
Hunter	449	451
Illawarra	824	800
Macquarie	56	81
Mid North Coast	309	325
Mid Western	142	138
New England	162	61
Northern Rivers	235	213
Northern Sydney	4,118	3,433
South Western Sydney	6,092	5,627
Southern	231	250
Wentworth	516	481
Western Sydney	2,251	1,884
Total	<u>46,315</u>	<u>40,863</u>
(d) Expenses for Interstate Patient Flows are as follows:		
<i>State providing treatment to residents of South Eastern Sydney Area Health</i>		
<i>Service:</i>		
Australian Capital Territory	440	454
Northern Territory	40	62
Queensland	544	557
South Australia	78	177
Tasmania	3	19
Victoria	443	243
Western Australia	0	126
Total	<u>1,548</u>	<u>1,638</u>

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	2004	2003
	\$000	\$000
5. Maintenance		
Repairs and Routine Maintenance	16,232	16,124
Renovations and Additional Works	1,081	2,692
Replacements and Additional Equipment less than \$5,000	8,384	4,936
	<u>25,697</u>	<u>23,752</u>
<p>The 2003/2004 value of Employee Related Expenses (Note 3) applicable to maintenance staff was \$3.70m (\$3.56m in 2002/2003), such cost covering engineers, trades staff and apprentices' salary costs, workers compensation and superannuation.</p>		
6. Depreciation and Amortisation		
Depreciation - Buildings	25,340	25,207
Depreciation - Plant and Equipment	8,571	8,505
Depreciation – Infrastructure Systems	4	-
	<u>33,915</u>	<u>33,712</u>
7. Grants and Subsidies		
Non-Government Organisations	11,468	10,973
Promotion of Research	1	1
Research Organisations	266	789
Voluntary Organisations	5,346	3,478
Gower Wilson Lord Howe Island Hospital Capital Works	85	-
Childrens Cancer Care Institute Randwick Capital Works	300	-
	<u>17,466</u>	<u>15,241</u>
8. Borrowing Costs		
Interest	153	609
	<u>153</u>	<u>609</u>
9. Payments to Affiliated Health Organisations		
(a) Recurrent Sourced		
Calvary Health Care Sydney	20,254	16,912
Eastern Sydney Scarba Service	936	887
Sacred Heart Hospice	12,732	11,705
St Vincent's Hospital	189,613	170,698
War Memorial Hospital (Waverley)	7,829	7,197
	<u>231,364</u>	<u>207,399</u>
(b) Capital Sourced		
St Vincent's Hospital	170	2,123
	<u>170</u>	<u>2,123</u>
10. Sale of Goods and Services		
(a) Sale of Goods and Services comprise the following:		
Patient Fees [see note 2(d)]	42,351	36,242
Patient Fees CAM/SAM	5,732	5,852
Patient Fees DVA	20,474	20,274
Staff Meals and Accommodation	1,298	1,142
Infrastructure Charge – Monthly Facility Fees [see note 2(d)]	18,262	16,467
Infrastructure Charge – Annual Charge [see notes 2(d)]	6,273	11,473
Car Parking	860	1,149
Child Care Fees	555	512
Commercial Activities	326	462
Conference and Training Receipts	483	216
Fees for Medical Records	230	227
Level 1 Staff Specialist Fees	3,280	3,195
Non staff Meals	2,574	2,663
Pharmacy Receipts	843	789
Sale of Prostheses	3,912	3,045

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	2004	2003
	\$000	\$000
10. Sale of Goods and Services (continued)		
Services Provided to Non NSW Health Organisations	2,340	2,688
Patient Inflows from Interstate [see note 2(f) and 10(c)]	4,222	6,831
Inter Area Patient Inflows, NSW [see note 2(f) and 10(b)]	207,175	190,198
Other	3,002	13,224
	<u>324,192</u>	<u>316,649</u>
(b) Revenues from Inter Area Patient Flows, NSW on an Area Health Service basis are as follows:		
<i>Area Health Service of residence:</i>		
Central Coast	6,540	5,452
Central Sydney	53,343	46,001
Far Western	834	635
Greater Murray	8,877	7,556
Hunter	5,128	4,786
Illawarra	27,905	28,035
Macquarie	4,101	3,878
Mid North Coast	12,651	10,414
Mid Western	5,901	6,325
New England	10,410	9,558
Northern Rivers	2,083	2,288
Northern Sydney	18,757	18,162
South Western Sydney	30,753	29,594
Southern	5,437	4,022
Wentworth	3,838	3,843
Western Sydney	10,617	9,649
Total	<u>207,175</u>	<u>190,198</u>
(c) Revenues from Patient Inflows from Interstate are as follows:		
<i>State of residence:</i>		
Australian Capital Territory	1,678	2,393
Northern Territory	205	244
Queensland	955	1,662
South Australia	267	864
Tasmania	218	244
Victoria	705	921
Western Australia	194	503
Total	<u>4,222</u>	<u>6,831</u>
11. Investment Income		
Interest	6,154	3,034
Lease and Rental Income	2,282	2,131
	<u>8,436</u>	<u>5,165</u>
12. Grants and Contributions		
Clinical and Drug Trials	2,541	1,821
Fund Raising and Donations	5,572	4,993
Industry Contributions in Kind	162	618
Mammography Grants	3,281	2,807
Research Grants	7,930	10,437
Commonwealth Government Grants	507	2,971
University Commission Grants	184	286
NSW Health Government Grants	693	789
	<u>20,870</u>	<u>24,722</u>

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	2004	2003
	\$000	\$000
13. Other Revenue		
Other revenue comprises the following:		
Commissions	359	329
Treasury Managed Fund Hindsight Adjustment	1,949	-
Sale of Old Wares	198	83
Sundry Revenue	2,444	2,759
	<u>4,950</u>	<u>3,171</u>
14. Gain on Disposal of Non Current Assets		
Property, Plant and Equipment	88,853	5,165
Less Accumulated Depreciation	54,165	3,859
Written Down Value	<u>34,688</u>	<u>1,306</u>
Less Proceeds from Sale	40,136	1,424
Gain on Disposal of Non Current Assets	<u><u>5,448</u></u>	<u><u>118</u></u>
15. Non Cash Financing and Investing Activities		
Assets Received by Donation	162	618
	<u>162</u>	<u>618</u>
16. Current Assets – Cash		
Cash on Hand	51	50
Cash at Bank	7,312	615
Cash at Bank Capital	57	399
Cash at Treasury Corporation *	5,623	7,057
	<u>13,043</u>	<u>8,121</u>
* The cash held with Treasury Corporation can be used only in accordance with the conditions associated with the relevant special purposes funds. Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:		
Cash (per Statement of Financial Position)	13,043	8,121
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>13,043</u>	<u>8,121</u>
17. Other Financial Assets		
Current		
Treasury Corporation – Hour Glass Facility	66,000	63,345
	<u>66,000</u>	<u>63,345</u>

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	2004	2003
	\$000	\$000
18. Current / Non Current Receivables		
Current		
Sale of Goods and Services Patient Fees	10,295	10,431
Sale of Goods and Services Other Debtors	3,510	2,839
Debtors Non-operating	32	613
Goods and Services Tax	4,745	4,152
Debtors Expense Recoupment	4,051	3,451
Debtors Leave Mobility	431	362
Debtor NSW Health	114	251
Other Debtors	2,386	2,904
Interest Accrual	900	197
Gross Receivables	26,464	25,200
Less Provision for Doubtful Debts Patient Fees	2,552	2,510
Less Provision for Doubtful Debts Other Debtors	1,202	721
Net Current Receivables	<u>22,710</u>	<u>21,969</u>
Bad debts written off during the year Patient Fees	2,537	1,414
Bad debts written off during the year Other Debtors	166	56
Bad debts written off during the year	<u>2,703</u>	<u>1,470</u>
Sale of Current Goods and Services Patient Fees comprises:		
Patient Fees – Compensable	524	520
Patient Fees – Ineligible	3,468	3,366
Patient Fees – Other	6,303	6,545
Total Current Receivables - Patient Fees	<u>10,295</u>	<u>10,431</u>
Non Current		
Sale of Goods and Services Patient Fees – Compensable	899	1,098
Total Non Current Receivables	<u>899</u>	<u>1,098</u>
19. Inventories		
Current at cost		
Drugs	3,602	3,625
Medical and Surgical Supplies	6,904	6,750
Food and Hotel Supplies	119	215
Engineering Supplies	207	202
Other including Goods in Transit	1,502	1,538
	<u>12,334</u>	<u>12,330</u>
20. Other Assets		
Current		
Prepayments	5,772	5,212
	<u>5,772</u>	<u>5,212</u>

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21. Property, Plant and Equipment

	2004 \$000	2003 \$000
Land and Buildings		
At Fair Value	1,353,431	1,221,492
Less Accumulated Depreciation	372,044	353,422
	981,387	868,070
Plant and Equipment		
At Fair Value	141,496	136,033
Less Accumulated Depreciation	91,638	89,464
	49,858	46,569
Infrastructure Systems		
At Fair Value	153	153
Less Accumulated Depreciation	4	-
	149	153
Total Property, Plant and Equipment at Net Book Value	1,031,394	914,792

Property, Plant and Equipment - Reconciliations

	Land \$000	Building \$000	Capital W.I.P \$000	Plant and Equipment \$000	Infra- Structure \$000 (iv)	Total \$000
Carrying Amount at 1 July, 2003	150,685	975,468	95,339	136,033	153	1,357,678
Revaluation Adjustment (see note 2(k))	78,100	122,410	-	-	-	200,510
Additions	-	40	13,454	12,251	-	25,745
Disposals	(30,000)	(52,065)	-	(6,788)	-	(88,853)
Reclassifications	-	106,355	(106,355)	-	-	-
Balance at 30 June, 2004	198,785	1,152,208	2,438	141,496	153	1,495,080
Depreciation						
Balance 1 July, 2003	-	353,422	-	89,464	-	442,886
Charge for the year [see note 2(j)]	-	25,340	-	8,571	4	33,915
Revaluation Adjustment (see note 2(k))	-	41,050	-	-	-	41,050
Adjustment for Disposals	-	(47,768)	-	(6,397)	-	(54,165)
Balance at 30 June, 2004	-	372,044	-	91,638	4	463,686
Carrying Amount at 30 June, 2004	198,785	780,164	2,438	49,858	149	1,031,394

- (i) Land and Buildings include land owned by the NSW Health Department and administered by South Eastern Sydney Area Health Service [see note 2(h)].
- (ii) Land and buildings were valued by the State Valuation Office on 30 June, 2000 [see note 2(k)]. The people involved with the valuation are not employees of South Eastern Sydney Area Health Service. In determining fair value of physical non current assets of South Eastern Sydney Area Health Service, for the year ended 30 June 2004, indices, based on valuation assessments by the NSW State Valuation Office, were applied to land and building assets categorised at market value (A) or written down replacement value (B). Indexation figures of 1.75, 1, 1.6 and 1.134 have been applied to land and buildings in the respective categories. Also refer to note 36 (Post Balance Day Events) regarding the revaluation of land and buildings.
- (iii) South Eastern Sydney Area Health Service records the purchase of infrastructure assets from 1 July, 2001 as a separate asset category. Other infrastructure assets are included in Building or Plant and Equipment and will be identified as infrastructure assets as part of the next revaluation process due in 2005.

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	2004	2003
	\$000	\$000
22. Restricted Assets		
South Eastern Sydney Area Health Service's financial statements include the following assets, which are restricted by externally imposed conditions, e.g. donor requirements. The assets are available for application only in accordance with the terms of the donor restrictions.		
Category		
Specific Purposes	42,614	41,488
Research Grants	10,583	11,540
Private Practice Funds	18,147	16,137
Other Grants	2,150	1,887
	<u>73,494</u>	<u>71,052</u>
The balance comprises:		
Investments with NSW Treasury Corporation	66,000	63,345
Cash	7,034	6,600
Accrued Income	900	197
Debtors	523	660
Creditors	(963)	250
	<u>73,494</u>	<u>71,052</u>
23. Payables		
Current		
Accrued Salaries and Wages	11,282	7,478
PAYG and Other Payroll Deductions	9,161	14,134
Creditors	45,579	45,172
Other Creditors		
- Capital Works	2,904	855
- Asset Purchases	1,153	1,906
- Other	8,187	8,101
	<u>78,266</u>	<u>77,646</u>
24. Current / Non Current Interest Bearing Liabilities		
Current		
Other Loans and Deposits	836	2,954
	<u>836</u>	<u>2,954</u>
Non Current		
Other Loans and Deposits	1,798	121
	<u>1,798</u>	<u>121</u>
Other loans still to be extinguished represent monies to be repaid to the NSW Health Department. Final repayment for interest bearing loans is scheduled for 31 December, 2007.		
Repayment of Borrowings		
Not later than one year	836	2,954
Between one and five years *	1,798	121
Total borrowings at face value	<u>2,634</u>	<u>3,075</u>

* Repayment details of non-interest bearing NSW Health Department loans are shown in note 26.

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	2004 \$000	2003 \$000
25. Current / Non Current Liabilities - Provisions		
Current		
Employee Annual Leave	53,102	49,079
Employee Long Service Leave	7,980	7,177
Total Current Provisions	<u><u>61,082</u></u>	<u><u>56,256</u></u>
Non Current		
Employee Annual Leave	22,050	22,697
Employee Long Service Leave	97,763	89,064
Total Non Current Provisions	<u><u>119,813</u></u>	<u><u>111,761</u></u>
Aggregate Employee Benefits and Related On-costs		
Provisions – current	61,082	56,256
Provisions – non current	119,813	111,761
Accrued Salaries and on costs (note 23)	11,282	7,478
	<u><u>192,177</u></u>	<u><u>175,495</u></u>
26. Other Liabilities		
Current		
Income in Advance	5,903	6,384
Non Interest Bearing Department of Health Loans	3,600	-
Deposit Received on Sale of Prince Henry Hospital Site	-	21,000
Other	3,987	-
	<u><u>13,490</u></u>	<u><u>27,384</u></u>
Non Current		
Income in Advance	22,759	24,005
Non Interest Bearing Department of Health Loans	9,644	15,072
	<u><u>32,403</u></u>	<u><u>39,077</u></u>
Other loans still to be extinguished represent monies to be repaid to the NSW Health Department. Final repayment for non interest bearing loans is scheduled for 30 June 2008.		
Repayment of Borrowings		
Not later than one year	3,600	-
Between one and five years	9,644	15,072
Total borrowings at face value	<u><u>13,244</u></u>	<u><u>15,072</u></u>

In July 1995, \$5.5m was received as income in advance from IPG under the terms of contract to operate a carpark facility at the Sydney Hospital Campus for 25 years.
In July 1997, \$5m was received as income in advance from HCOA under the terms of contract to provide and operate a private hospital at the Randwick Hospital Campus for 40 years.
In July 1998, \$18.5m was received as income in advance from IPR under the terms of contract to operate carpark facilities at the Randwick Hospital Campus for 25 years.
In June 1999, \$4.54m was received as income in advance from IPG under the terms of contract to operate carpark facilities at the St George Hospital Campus for 25 years.
Repayment details of interest bearing NSW Health Department loans are shown in note 24.

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27. Equity

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at the beginning of the financial year	620,522	600,337	91,146	91,570	711,668	691,907
Changes in equity - transactions with owners as owners	-	-	-	-	-	-
Changes in equity - other than transactions with owners as owners	-	-	-	-	-	-
Increment on Revaluation						
Land	-	-	78,100		78,100	-
Buildings			81,360		81,360	-
Result for the Year	(26,664)	19,761	-	-	(26,664)	19,761
Transfers to/(from) Revaluation Reserves:						
Land	15,000	185	(15,000)	(185)	-	-
Buildings and Improvements	(15,490)	239	15,490	(239)	-	-
Balance at the end of the financial year	593,368	620,522	251,096	91,146	844,464	711,668

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

2004	2003
\$000	\$000

28. Commitments for Expenditure

(a) Capital Commitments

Aggregate capital expenditure contracted for at balance date but not provided for in the accounts:

Not later than one year	12,691	16,238
Between one and five years	3,135	1,570
Total contracted Capital Expenditure Commitments (including GST)	15,826	17,808

Of the commitments reported at 30 June, 2004 it is expected that \$11.344m (including GST) (\$7.899m in 2002/2003) will be met from locally generated monies.

In addition aggregate anticipated capital expenditure not contracted for at balance date and not provided for in the accounts:

Not later than one year	1,384	8,657
Between one and five years	3,948	6,135
Total non-contracted Capital Expenditure Commitments (including GST)	5,332	14,792

Of the above amount reported for 2004 it is expected that \$0.44m (including GST) (\$0.465m in 2002/2003) will be met from locally generated monies.

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	2004 \$000	2003 \$000
28. Commitments for Expenditure (Continued)		
(b) Other Expenditure Commitments		
Aggregate other expenditure relating to Non Government Organisations- committed at balance date and not provided for in the accounts:		
Not later than one year	13,258	11,671
Between one and five years	25,158	23,342
Total Other Expenditure Commitments (including GST)	<u>38,416</u>	<u>35,013</u>

(c) Operating Lease Commitments

Future non-cancellable operating leases are payable as follows:

Not later than one year	10,015	9,261
Between one and five years	24,203	25,389
Later than five years	35	-
Total Operating Lease Commitments (including GST)	<u>34,253</u>	<u>34,650</u>

These operating lease commitments are not recognised in the financial statements as liabilities. Operating leases are for motor vehicles, information technology equipment including personal computers, some medical and other equipment.

(d) Contingent Asset Related to Commitments for Expenditure

The total "Expenditure Commitments" above includes \$8.530m (\$9.297m in 2002/2003) input tax credits that are expected to be recoverable from the Australian Taxation Office.

29. Trust Funds

South Eastern Sydney Area Health Service holds Trust Fund monies of \$5.13m which are used for the safe keeping of patients' monies, deposits on hired items of equipment and other trusts. These monies are excluded from the financial statements, as South Eastern Sydney Area Health Service cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Patients' Trust		Refundable Deposits		Other Trust Funds		Total	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Cash balance at the beginning of the financial year	450	458	121	105	4,656	21,125	5,227	21,688
Receipts	766	793	76	62	37,403	25,593	38,245	26,448
Less expenditure	(773)	(801)	(72)	(46)	(37,497)	(42,062)	(38,342)	(42,909)
Cash balance at the end of the financial year	443	450	125	121	4,562	4,656	5,130	5,227

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30. Contingent Liabilities

(a) Claims on Managed Fund

Since 1 July, 1989, South Eastern Sydney Area Health Service has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of South Eastern Sydney Area Health Service all sums that 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 South Eastern Sydney Area Health Service. As such, since 1 July, 1989, apart from the exceptions noted above, no contingent liabilities exist in respect of liability claims against South Eastern Sydney Area Health Service. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July, 1989 that were above the limit of insurance held or for matters that were incurred prior to 1 July, 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against South Eastern Sydney Area Health Service.

(b) Workers' Compensation Hindsight Adjustment

When the New Start Treasury Managed Fund was introduced in 1995/96 hindsight adjustments in respect of Workers' Compensation (three years from commencement of Fund Year) and Motor Vehicle (18 months from commencement of Fund Year) became operative. The calculation of hindsight adjustments was subsequently reviewed in 2000/01 to provide an interim adjustment after three years with a final adjustment at the end of year five. The interim hindsight adjustment for the 1999/2000 year was effected in 2003/04 together with the final hindsight adjustment for 1997/98. However the Treasury Managed Fund has not yet determined the final result for 1998/99 or the interim adjustment for 2000/01. A contingent liability/asset may now exist in respect of the six workers compensation fund years ended 30 June, 2004. The Treasury Managed Fund provides estimates as at 30 June each year and the latest available, viz those advised as at 30 June, 2003, estimate that an asset of \$3.9m is applicable. This estimate is subject to further actuarial calculation and a better indication of the quantum will not be available until the last quarter of 2004. TMF normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 1997/98 final year and an interim adjustment for the 1999/2000 fund year were not calculated until 2003/04. As a result, the 1998/99 final and 2000/01 interim hindsight calculations will be paid in 2004/05.

The basis for calculating the hindsight premium is undergoing review and it is expected that the problems experienced will be rectified for future payments.

Health Services should note that, in keeping with the above advice, no provisions for contingent assets/liabilities are to be made in their financial statements.

(c) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AAS24, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the Department's consolidated financial statements to the extent of cash payments made. However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the NSW Department of Health.

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31. Charitable Fundraising Activities

South Eastern Sydney Area Health Service conducts direct fund raising in all hospitals under its control. All revenue and expenses have been recognised in the financial statements of South Eastern Sydney Area Health Service. Fundraising activities are dissected as follows:

	INCOME RAISED \$000	DIRECT EXPENDITURE* \$000	INDIRECT EXPENDITURE+ \$000	NET PROCEEDS \$000
Appeals (consultants)	59	21	23	15
Appeals (in house)	93	23	4	66
Fetes	226	111	1	114
Raffles	30	9	9	12
Functions	234	97	55	82
	642	261	92	289

Percentage of Income

* Direct expenditure includes printing, postage, raffle prizes, consulting fees, etc.

+Indirect expenditure includes overheads such as office staff administrative costs, cost apportionment of light, power and other overheads.

	2004 \$000	2003 \$000
The net proceeds were used for the following purposes:		
Purchase of Equipment	139	180
Other Expenses	28	19
Held in Special Purpose and Trust Fund Pending Purchase	122	235
	289	434

The provisions of the Charitable Fundraising Act 1991 and the regulations under that Act have been complied with and internal controls exercised by South Eastern Sydney Area Health Service are considered appropriate and effective in accounting for the income received in all material respects.

32. Reconciliation of Net Cost of Services to Net Cash Flows from Operating Activities

Net Cash Flows from Operating Activities	(7,661)	99,278
Depreciation	(33,915)	(33,712)
Acceptance by Crown Entity of Employee Superannuation Benefits	(55,077)	(51,263)
Donated Assets	162	616
Increase / (Decrease) in Provisions	(12,878)	(23,937)
Increase / (Decrease) in Goods and Services Debtors	(245)	(10,023)
Increase / (Decrease) in Debtors Expense Recovery	532	(310)
Increase / (Decrease) in Other Debtors	778	1,646
Increase / (Decrease) in Provision for Doubtful Debts	(523)	(80)
Increase / (Decrease) in Prepayments	560	(169)
Increase / (Decrease) in Inventory	4	(288)
Increase / (Decrease) in Income in Advance	22,727	(3,521)
(Increase) / Decrease in Other Liabilities	-	500
(Increase) / Decrease in Creditors	(1,653)	(10,357)
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	5,448	118
NSW Health Department Recurrent Allocations	(805,478)	(725,949)
NSW Health Department Capital Allocations	(18,834)	(57,285)
Asset Sale Proceeds Transferred to NSW Health	16,000	-
Net Cost of Services	(890,053)	(814,736)

33. 2003/04 Voluntary Services

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

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

34. Unclaimed Monies

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended. All money and personal effects of patients which are left in the custody of South Eastern Sydney Area Health Service by any patient, who is discharged or dies in the hospital, and which are not claimed by the person lawfully entitled thereto within a period of 12 months, are recognised as the property of South Eastern Sydney Area Health Service.

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

35. Budget Review

Net Cost of Services

The actual result was in line with budget expectation.

Result for the Year from Ordinary Activities

The actual deficit was lower than the budget expectations as a result of the favourable net cost of service position.

Assets/Liabilities

Current Assets

Cash was higher than expected due to the need to meet payroll liabilities on 1 July, 2004. Receivables are higher than the budget expectations due to the growth in operating debtors.

Non Current Assets

The actual result was higher than the budget expectation due to the application of the fair value indexation figure (refer note 21(ii)).

Current Liabilities

Creditors were lower than expected as a result of the better than expected net cost of services result.

Non Current Liabilities

The actual result was in line with budget expectation.

Cash Flows

The actual result was in line with budget expectation.

Operating Activities

The actual result was in line with budget expectation.

Investing Activities

Cash outflows were lower than expected as a result of some delays in the purchase of equipment.

Financing Activities

The cash outflows were higher than budget expectations due to loan repayments resulting from the finalisation of the sale of the Prince Henry Hospital site.

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Movements in the level of the NSW Health Department Recurrent Allocation that have occurred since the time of the initial allocation on 30 September, 2003 are as follows:

	2004 \$000
Initial Allocation 30 September, 2003	931,665
Aboriginal Health	47
AIDS Additional Funding	135
Artificial Limb	2,045
Award Increases	6,172
Chaplaincy Services	402
Commonwealth Palliative Care	1,629
Drug Additional Funding	700
General Assistance	6,243
GMTT	(312)
HACC Additional Funding	992
High Cost Drug Adjustments	3,500
Immunisation	277
Inter Area Patient Flows	(160,860)
Mental Health	(607)
MRI Funding	450
NGO Funding	1,064
NSW Quit line	547
Nurse Strategy Funding	2,183
PADP Additional Funding	322
Paediatric Additional Funding	787
Peritoneal Cancer Treatment	2,500
Public Health	302
Special Projects	(1,490)
St Vincent's MOU	5,180
Targetted Booked Surgery	419
Other	1,186
Balance as per Statement of Financial Performance	805,478

36. Post Balance Date Events

a) Health Administration Restructure

The Minister for Health announced changes to the health system on 27 July, 2004 including a statewide restructure of health administration. The restructure of health administration amalgamates the existing 17 Area Health Services into eight areas and dissolves the boards of each Area Health Service and the Children's Hospital at Westmead. Under this restructure the South Eastern Sydney Area Health Service will merge with the Illawarra Area Health Service to create a new Health Service. Future financial reporting will reflect the changes effected and will necessitate the aggregation of current balances with due eliminations effected prior to presentation of results.

b) Sylvania Community Health Centre Site

The future disposal of the Sylvania Community Health Centre site at 29 Sylvania Rd, Sylvania Heights, NSW 2224, is the subject of ongoing negotiations with various interested parties. It is expected that contracts for the sale will be exchanged in 2004/05. The services provided at this site will be transferred to new premises on the Sutherland Hospital site.

c) Revaluation of Property

The South Eastern Sydney Area Health Service will revalue (with the assistance of appropriate qualified valuers) its land and building during the year ended 30 June 2005. The effective revaluation date will be 1 July 2004. Also refer to note 21 (ii).

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37. Programs/Activities of the South Eastern Sydney Area Health Service

Program 1.1 Primary and Community Based Services

Objective: To improve, maintain or restore health through health promotion, early intervention, assessment, therapy and treatment services for clients in a home or community setting.

Program 1.2 Aboriginal Health Services

Objective: To raise the health status of Aborigines and to promote a healthy lifestyle.

Program 1.3 Outpatient Services

Objective: To improve, maintain or restore health through diagnosis, therapy, education and treatment services for ambulant patients in a hospital setting.

Program 2.1 Emergency Services

Objective: To reduce the risk of premature death and disability for people suffering injury or acute illness by providing timely emergency diagnostic, treatment and transport services.

Program 2.2 Overnight Acute Inpatient Services

Objective: To restore or improve health and manage risks of illness, injury and childbirth through diagnosis and treatment for people intended to be admitted to hospital on an overnight basis.

Program 2.3 Same Day Acute Inpatient Services

Objective: To restore or improve health and manage risks of illness, injury and childbirth through diagnosis and treatment for people intended to be admitted to hospital and discharged on the same day.

Program 3.1 Mental Health Services

Objective: To improve the health, well-being and social functioning of people with disabling mental disorders and to reduce the incidence of suicide, mental health problems and mental disorders in the community.

Program 4.1 Rehabilitation and Extended Care Services

Objective: To improve or maintain the well-being and independent functioning of people with disabilities or chronic conditions, the frail aged and the terminally ill.

Program 5.1 Population Health Services

Objective: To promote health and reduce the incidence of preventable disease and disability by improving access to opportunities and prerequisites for good health.

Program 6.1 Teaching and Research

Objective: To develop the skills and knowledge of the health workforce to support patient care and population health. To extend knowledge through scientific enquiry and applied research aimed at improving the health and well-being of the people of New South Wales.

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38. Financial Instruments

a) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. South Eastern Sydney Area Health Service's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised, at the Statement of Financial Position date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate*	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 %	2003 %
Financial Assets										
Cash	12,992	8,071	-	-	51	50	13,043	8,121	4.50	4.20
Receivables	-	-	-	-	23,609	23,067	23,609	23,067		
Treasury Corp. Investments	66,000	63,345	-	-	-	-	66,000	63,345	8.66	3.45
Other	-	-	-	-	5,772	5,212	5,772	5,212		
Total Financial Assets	78,992	71,416	-	-	29,432	28,329	108,424	99,745		
Financial Liabilities										
Borrowings- Interest bearing:										
maturing in 1 year or less	836	2,954	-	-	-	-	836	2,954	6.45	6.35
maturing in 1 to 5 years	1,798	121	-	-	-	-	1,798	121	6.45	6.35
Accounts payable	-	-	-	-	78,266	77,646	78,266	77,646	-	-
Other	-	-	-	-	45,893	66,461	45,893	66,461	-	-
Total Financial Liabilities	2,634	3,075	-	-	124,159	144,107	126,793	147,182		

* The weighted average effective interest rate was computed on a monthly and quarterly basis. It is not applicable for non-interest bearing financial instruments.

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38. Financial Instruments (continued)

b) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation thereunder.

South Eastern Sydney Area Health Service's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

Credit Risk by classification of counterparty.

	Governments		Banks		Patients		Other		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets										
Cash	-	-	7,369	1,014	-	-	5,674	7,107	13,043	8,121
Receivables	6,534	6,958	-	-	11,194	11,529	5,881	4,580	23,609	23,067
Treasury Corp.										
Investments	-	-	-	-	-	-	66,000	63,345	66,000	63,345
Other	-	-	-	-	-	-	5,772	5,212	5,772	5,212
Total Financial Assets	6,534	6,958	7,369	1,014	11,194	11,529	83,327	80,244	108,424	99,745

The only significant concentration of credit risk arises in respect of patients ineligible for free treatment under the Medicare provisions.

Receivables from these people totalled \$3.5m (\$3.3m in 2002/03) at balance date.

c) Net Fair Value

As stated in Note 2(q) all financial instruments are carried at net fair value, the values of which are reported in the statement of financial position.

d) Derivative Financial Instruments

South Eastern Sydney Area Health Service holds no derivative financial instruments.

39. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during current year for which expenditure in manner specified had not occurred as at balance date	(178)	2,619	-	2,441
Contributions recognised in previous years which are not expended in the current financial year	581	70,472	-	71,053
Total amount of unexpended contributions as at balance date	403	73,091	-	73,494

Comment on restricted assets appears in note 22.

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40. Transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

(1) Management of Transition

The South Eastern Sydney Area Health Service will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July, 2005.

The South Eastern Sydney Area Health Service is managing the transition to the new standards by allocating internal resources and/or engaging consultants to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

As a result of this exercise, The South Eastern Sydney Area Health Service has taken the following steps to manage the transition to the new standards: _

- The South Eastern Sydney Area Health Service's Finance Committee is overseeing the transition. The Director Financial Services and Information Technology is responsible for the project and reports to the Committee on progress against the plan and any changes in reporting requirements mandated by NSW Health and the NSW Treasury.
- The following phases that need to be undertaken have been identified:
 - determination of opening values as at 1 July, 2004 and full year comparatives for 2004/05
 - preparation of 2005/06 accounts in accordance with AIFRS
 - determination of specific policy changes and the accounting effect thereof

Work in each of these phases will be progressed in accordance with timetables to be advised by NSW Health.

NSW Treasury is assisting agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

(2) Key Differences in Accounting Policies

The South Eastern Sydney Area Health Service is aware of a number of differences in accounting policies that may arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

The South Eastern Sydney Area Health Service's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* requires retrospective application of the new AIFRS from 1 July, 2004, with limited exemptions. Similarly, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.
- AASB 117 *Leases* requires operating lease contingent rentals to be recognised as an expense on a straight-line basis over the lease term rather than expensing in the financial year incurred.

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- AASB 1004 *Contributions* applies to *not-for-profit entities* only. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grants included in ED 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.

End of Audited Financial Statements

Additional Unaudited Information

PROPERTIES

The following properties are owned and/or administered by the South Eastern Sydney Area Health Service as at 30 June, 2004. The values shown are either replacement cost or market value and do not include any amounts for accumulated depreciation.

Description	Valuation		Current Use
	Land \$ M	Buildings \$ M	
1. Prince of Wales Hospital			
1.1 Randwick Campus High Street, Randwick, NSW, 2031	65.60	-	
1.2 Prince of Wales Hospital Barker Street, Randwick, NSW, 2031	-	465.33	A major teaching and tertiary referral hospital affiliated with the University of New South Wales
1.3 10 St Pauls Street, Randwick, NSW, 2031	0.67	0.12	Accommodation associated with Randwick Hospitals Campus
1.4 Albion Street, AIDS Centre 150-154 Albion Street, Surry Hills, NSW, 2010	1.66	0.65	Major AIDS/HIV Clinical facility with information and counselling services
1.5 Albion Street/Ankali Annex 335-337 Crown Street, Surry Hills, NSW, 2010	1.26	0.08	Administrative centre for Volunteer AIDS support services
1.6 Albion Street 339-343 Crown Street, Surry Hills, NSW, 2010		0.12	Clinical administration and research facility for AIDS services
1.7 130 Garden Street, Maroubra, NSW, 2035	0.96	0.30	Community Mental Health Centre
1.8 Bondi Junction Community Health Centre, 26 Llandaff Street, Bondi Junction, NSW, 2011	1.75	0.28	Community Mental Health Centre
	71.90	466.88	
2. Sydney Children's Hospital			
High Street, Randwick, NSW, 2031	4.80	68.88	Specialist paediatric teaching hospital
	4.80	68.88	
3. Royal Hospital for Women			
Hospital Road, Randwick, NSW, 2031	4.16	45.36	Specialist referral teaching hospital
	4.16	45.36	

	Description	Valuation		Current Use
		Land \$ M	Buildings \$ M	
4.	Sydney/Sydney Eye Hospitals			
4.1	Sydney Hospital / Sydney Eye Hospital Macquarie Street, Sydney, NSW, 2004	33.60	50.96	Speciality hospital with teaching facilities for both Sydney and NSW University Medical Faculties
4.2	The Langton Centre, Cnr Nobbs and South Dowling Streets, Surry Hills, NSW, 2010	2.72	3.40	A treatment and rehabilitation facility offering comprehensive detoxification programs
4.3	The Terrace, 493-495 South Dowling, Surry Hills, NSW, 2010	1.23	0.30	Residential accommodation supporting the Langton Centre Programs
		37.55	54.66	
5.	The Sutherland Hospital and Community Health Service			
5.1	The Sutherland Hospital, Cnr The Kingsway and Kareena Road, Caringbah, NSW, 2229	19.20	133.32	Metropolitan General Hospital and associated teaching hospital of the University of New South Wales
5.2	29 Sylvania Road, Sylvania Heights, NSW, 2224	6.25	3.16	Community Health Centre
5.3	Alison Crescent, Menai, NSW, 2234	0.69	0.85	Community Health Centre
5.4	116d Caldara Avenue, Engadine, NSW, 2234	0.26	0.66	Engadine Community Health Centre and Early Childhood Centre
5.5	126 Kareena Road, Caringbah, NSW, 2229	-	2.95	Caringbah Community Health Centre
		26.40	140.94	
6.	The St George Hospital and Community Health Service			
6.1	The St George Hospital, bounded by Kensington, Gray, Short and Chapel Streets, Private Hospital Site, South and Belgrave Streets, Kogarah, NSW, 2217	18.00	331.56	A major teaching and tertiary referral hospital providing general acute services for the St George area
6.2	34-36 Woniora Road, Hurstville, NSW, 2220	2.01	-	Community Mental Health Centre
6.3	3-5 Chapel Street, Kogarah, NSW, 2217	1.75	-	Aged Care Accommodation
6.4	9 St Georges Road, Bexley, NSW, 2207	0.42	0.14	Dementia Day Centre and CRAGS
6.5	Bezzina House 42-46 Gray St Kogarah, NSW, 2217	2.63	0.70	Cancer Care Lodge
6.6	9 Chapel Street, Kogarah, NSW, 2217	1.05	-	Clinical Pharmacology

Description

Valuation

Current Use

**Land
\$ M**

**Buildings
\$ M**

6.7	15 Chapel Street, Kogarah, NSW, 2217 and 50 Gray Street, Kogarah, NSW, 2217	2.63	0.07	Child Care Centre
6.8	16-18 King Street, Rockdale, NSW, 2716	2.10	-	Community Health Centre
6.9	60-64 Stanley Street, Peakhurst, NSW, 2210	1.93	-	Community Health Centre
6.10	30-38 Belgrave Street, Kogarah, NSW, 2217	10.50	-	Belgrave Street Car Park
6.11	2 & 4-10 South Street, Kogarah, NSW, 2217	1.75	0.30	Alcohol and Other Drug Services Research and Education Centre
6.12	11 Chapel Street, Kogarah, NSW, 2217	0.88	-	Equipment Lending Pool
6.13	61 Montgomery St, Kogarah, NSW, 2217	1.05	-	Research and Education Centre
6.14	Demountables	-	0.24	
		46.70	333.01	
7.	Area Administration			
7.1	Primrose House, Cnr Russell Ave and Malua Street, Dolls Point, NSW, 2219	3.68	0.40	Area Administration
7.2	7 Chapel Street, Kogarah, NSW, 2217	1.06	-	Eye Clinic
7.3	MRD Warehouse and Offices Sutherland	-	2.22	Warehouse and Office Facilities for MRD and Central Finance
7.4	701-703 Bourke St Surry Hills, NSW, 2010	1.23	0.50	Non clinical Respite Day Centre
7.5	Demountables	-	0.26	Sutherland Redevelopment Offices
7.6	11-15 Bond Street, Hurstville, NSW, 2220	0.25	0.39	Dental Services
		6.22	3.77	
8.	Garrawarra Centre , Princes Highway, Waterfall, NSW, 2233	1.06	38.71	Aged Care Facility
9.	Gower Wilson Memorial Hospital , Lord Howe Island, NSW, 2898	-	-	Multi-purpose Health Centre. Title rests with the Lord Howe Island Board.
	Total Value of Land and Buildings	198.79	1,152.21	

The following properties, used as Child and Family Health Centres, are administered by the South Eastern Sydney Area Health Service, and owned by Councils, as at 30 June, 2004:-

- | | |
|--|---|
| 1. 386 Port Hacking Road, Caringbah | 14. 27 Bryant Street, Rockdale |
| 2. 3 Nicholson Parade, Cronulla | 15. 1 Allen Street, South Hurstville |
| 3. 39 Gymea Bay Road, Gymea | 16. 1 Barrett Street, Hurstville |
| 4. Cnr Kiara and Karimbla Roads, Miranda | 17. 6 Macleay Street, Kings Cross |
| 5. 749 Princes Highway, Sutherland | 18. 1 Cross Street, Double Bay |
| 6. Captain Cook Drive, Kurnell | 19. Newland Street, Bondi Junction |
| 7. 24 Gray Street, Kogarah | 20. 51 Coward Street, Mascot |
| 8. 26 Letitia Street, Oatley | 21. Cnr Wairoa Ave and Brighton Bvde, Bondi Beach |
| 9. Keppel Avenue and Short Street, Riverwood | 22. Cnr Arden and Branden Streets, Clovelly |
| 10. 30 Morgan Street, Kingsgrove | 23. Cnr Botany Road and Chelmsford Avenue, Botany |
| 11. 17 Hercules Street, Brighton-le-Sands | |
| 12. 380 Rocky Point Road, Ramsgate | |
| 13. 12 Firth Street, Arncliffe | |

The following properties, used as Dental Clinics, are partly administered by the South Eastern Sydney Area Health Service and owned by the Department of Education:-

- | | |
|---|--|
| 1. Rockdale Public School, Lord Street, Rockdale | 5. Mascot Public School, King Street, Mascot |
| 2. Lugarno Public School, Old Forest Road, Lugarno | 6. Chifley Public School, Mitchell Street, Chifley |
| 3. Hurstville Public School, Orange Lane, Hurstville | 7. Menai Public School, Hall Drive, Menai |
| 4. Daceyville Public School, Bunnerong Rd, Daceyville | 8. Thirroul Public School, Gerald Rd, Illawong |

The following properties are leased by the South Eastern Sydney Area Health Service:-

- | | |
|---|---|
| 1. Kirketon Road Centre
Darlinghurst Fire Station, 100 Darlinghurst Rd, Darlinghurst | Multi-purpose Health Centre administered by Sydney Hospital |
| 2. 1/169-173 Darlinghurst Road, Darlinghurst | Multi-purpose Health Centre |
| 3. 21-25 King St, Rockdale | St George Area Youth Service |
| 4. 217 Bay Street, Rockdale | Mental Health Centre |
| 5. 2/50 Montgomery Street, Kogarah | Nephrology Department |
| 6. 110D/110E Shellharbour Square Shopping Centre, Shellharbour | Breast Screening Centre |
| 7. Waverley Community Health Centre, Birrell Street, Waverley | Community Health Centre |
| 8. Shop 70 Royal Randwick Shopping Centre Belmore Road, Randwick | Early Childhood Centre |
| 9. Aboriginal Community Health La Perouse Primary School, Yarra Road, Phillip Bay | "Arrunga" General Welfare and Community Health Services Centre for the local Aboriginal Community |
| 10. Darlinghurst Community Health Centre 301 Forbes Street, Darlinghurst | Community Health Centre |
| 11. Shop 131A Westfield Shopping Town Eastgardens, Pagewood | Early Childhood Centre |
| 12. 33 Bundock Street, Randwick | Respite activity group for those caring for aged family members |
| 13. Levels 0 and 1, 2 Short Street, Kogarah | Mental Health Centre |
| 14. 38 Darlinghurst Road, Kings Cross | Needle Exchange |
| 15. Benevolent Society NSW, Glenmore Rd, Paddington | Paddington Early Childhood Centre |
| 16. Suite 1, Level 2, 49-51 Eton Street, Sutherland | Mental Health Centre |
| 17. 2a/16 Boyle St, Sutherland | Mental Health Centre |

The following property, sold during 2001/2002, is still utilised by South Eastern Sydney Area Health Service:-

- | | |
|--|---|
| 1. Royal South Sydney Hospital
Joynton Avenue, Zetland NSW 2017 | Centre for Hydrotherapy pool, Gymnasium and Orthotics |
|--|---|

Accounts Receivable Ageing Analysis

	Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Total for 2004	Total for 2003
	\$000	\$000	\$000	\$000	\$000	\$000
Patient Fees Compensables	377	187	145	714	1,423	1,618
Patient Fees Ineligible	393	179	166	2,730	3,468	3,366
Patient Fees Other	3,661	249	810	1,583	6,303	6,545
Debtors Sale of Goods and Services	1,576	353	293	1,288	3,510	2,839
Debtors Non Operating	32	-	-	-	32	613
Debtors Other	11,619	200	67	742	12,628	11,318
Total Gross Debtors	17,658	1,168	1,481	7,057	27,364	26,298

The South Eastern Sydney Area Health Service continuously monitors the ageing of accounts receivable. Action is taken to ensure that all outstanding debts are promptly followed up.

Accounts Payable Ageing Analysis

	Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Total for 2004	Total for 2003
	\$000	\$000	\$000	\$000	\$000	\$000
Accrued Salaries	11,282	-	-	-	11,282	7,478
Payroll Deductions	9,161	-	-	-	9,161	14,134
Creditors	38,495	11,170	465	325	50,455	49,526
Creditors Capital Works	2,577	326	2	-	2,905	855
Creditors RMR > \$5,000	853	124	125	51	1,153	1,906
Creditors Intra Health	3,039	259	1	11	3,310	3,747
Total Gross Creditors	65,407	11,879	593	387	78,266	77,646

The deterioration in creditors reflects the poor cash position of the South Eastern Sydney Area Health Service. No interest has been paid on late payments.

CONSULTANCIES – OPERATING EXPENDITURE

**2004
\$000**

Consultancies with a value per project of over \$30,000:

Full Name of Company or Organisation	Project for which Consultant Paid	
Davidson Trahair Australia P/L	Training	44
Internal Audit Bureau	Risk Management	46
KPMG Australia	Risk Managemeng	31
JSD Operational Solutions	Operating Theatre KPI Development	60

Total Consultancies more than \$30,000

181

Consultancies with a value per project of under \$30,000:

Category	Number of Consultancies	
Financial or Tax	8	36
Information Technology	12	32
Legal	5	9
Management Services	131	483
Environment	7	16
Engineering	19	66
Organisational Review	33	128
Training	11	8
Total Consultancies each less than \$30,000		778
Total Consultancies		959

Major Asset List as at 30 June 2004

Assets With An original cost of more than \$250,000 (excluding land and buildings)

Asset Number	Description	Date Acquired	Cost \$
Assets Acquired Prior to 2003/2004			
334269	SIEMENS LINEAR ACCELERATOR	26-Mar-03	2,551,078.90
322886	LINEAR ACCELERATOR	13-Sep-99	2,100,000.00
18665-ORA	CLINAC 600C LINEAR ACCELERATOR	01-Nov-94	1,464,053.11
19228-ORA	CARDIAC CATH&BACK-UP COMPUTER	30-Dec-90	1,447,604.21
316663	CT SCANNER	30-Sep-97	1,067,625.00
326284	PACS-COMPUTED RADIOGRAPHY	12-Oct-00	993,236.00
325904	LITHOTRIPTER	22-Sep-00	982,250.00
22023-ORA	CT SCANNER	30-Jun-95	823,000.00
19214-ORA	ANGIOGRAPHY UNIT	01-Nov-93	813,242.65
316003	SIMULATOR	30-Jun-96	775,457.00
316731	SIMULATOR	07-Aug-96	759,457.00
18383-ORA	FLUOROSCOPY UNIT I2000 X-RAY TABLE	10-Jan-93	733,706.00
12061-ORA	NEC TELEPHONE & PAGING SYSTEM	01-Jul-90	720,000.00
13730-ORA	SEWERAGE SYSTEM	01-Sep-93	718,670.00
335720	UPGRADE TO CLINAC 2100C LINEAR ACC	13-May-03	712,098.00
2004165-HOS	PABX AUTOMATED EXCHANGE MMG/386	30-Jun-92	708,519.93
2004287-HOS	PHH-PHILLIPS SUPER 80C VASC X-RAY	30-Jun-92	700,000.00
2024594-HOS	PICKER 2000XP GAMMA CAMERA	30-Nov-94	659,744.00
2024593-HOS	PICKER PRISM 3000XP GAMMA CAMERA	30-Nov-94	610,000.00
18664-ORA	TRANE'CHILLER PLANT(ON 72 BLOCK ROOF)	01-Dec-94	608,932.90
319798	PICKER GAMMA CAMERA	13-May-98	592,467.00
319799	PICKER GAMMA CAMERA	13-May-98	592,467.00
323628	PORTALVISION & SCANVISION UPGRADES	18-Apr-00	588,957.00
333432	AXIS GAMMA CAMERA SYSTEM	03-Oct-02	582,139.00
316977	PINNACLE 3D RADIOTHERAPY TREATMENT	28-Nov-97	511,402.90
334893	CT SCANNER SIEMENS	01-Jul-03	507,452.00
0007724-HOS	NEC PABX TELEPHONE SYSTEM	30-Jun-92	503,054.06
2020117-HOS	HYPERBARIC UNIT	30-Jun-92	500,000.00
2004288-HOS	PHH-ROOM 6 GE MPX X-RAY SYSTEM BIPLANE	30-Jun-92	500,000.00
328104	MINI MULTI LEAF COLLIMATOR	30-Jun-00	431,457.28
10561-ORA	PLANT ROOM 1ST FLOOR MAIN BLOCK	01-Jan-80	400,000.00
316707	UPGRADE TO PICKER PRISM 3000XP	20-Oct-97	399,737.00
328724	KONE ELEVATOR-DICKINSON BLD LIFTS	20-Jun-01	393,600.00
2024303	ISOTOPEN TECHNIK 5 GAMMADED 12 IT	30-Jun-92	386,341.34
2000875B-ORA	X-RAY SYSTEM WITH CAMERA SIEMENS	30-Jun-92	380,000.00
334658	NEUROSURGERY SYSTEM	20-May-03	377,657.00
2002010-HOS	REMOTE SCREENING ROOM	01-Jul-92	363,215.00
322786	ATL HDI 5000 ULTRASOUND & TRANSDUCER	25-May-99	360,000.00
322187	CLINAC 2100C LINEAR ACCELERATOR	01-Jun-99	356,157.30
326765	SONOS 550 ADX (INCLUDING UPGRADES)	18-Dec-00	353,801.00
18701-ORA	BRACHYTHERAPY UNIT (PDR)	01-Dec-95	351,326.32
0011118-HOS	ROOM 3-AMBER CHEST X-RAY EQUIPMENT	30-Jun-93	342,000.00
320012	LX4201-2 ANALYSERS & DATA STATION	20-Jul-98	330,000.00
334799	PAS - ITS	25-Jun-03	328,803.44
319098	OPTICAL TRACKING SYSTEM	22-May-98	320,823.00
2024505	ULTRASOUND R2-ACUSON 128 U'SOUND UNIT	30-Jun-92	320,000.00
323447	AMSCO TUNNER WASHER	30-Jun-97	307,505.00
316508	VICON SYSTEM 370	25-Jul-97	306,475.00
326767	SONOS 550O (INCLUDING UPGRADES)	18-Dec-00	305,823.00
18583-ORA	PRISM 2000XP DIGITAL GAMMA CAMERA	01-May-95	305,000.00
318702	RHW COMMUNICATIONS EQUIPMENT	28-Apr-97	298,250.09
18683-ORA	ATL ULTRASOUND COLOURED DOPPLER	01-Jul-95	297,300.00
12325-ORA	PABX EQUIPMENT - AREA CAPITAL WORKS	30-Jun-91	296,096.00
318701	ACUSON ULTRASOUND SYSTEM	10-Jun-97	287,404.00
15643-ORA	ULTRAMARK 9 HDI COLOUR DOPPLER SYSTEM	31-May-94	258,300.00
322546	COMPAQ GS60 DUAL 6/525 SERVER	24-Jun-99	257,970.80
22024-ORA	ATL ULTRASOUND UNIT	30-Jun-95	257,200.00
330686	AGFA ADC COMPUTED RADIOLOGY SYSTEM	10-May-00	256,360.00
2003247-HOS	RC0001 REFRIGERATION CHILLER NO 1	12-Mar-95	250,000.00
2003248	RC0002 REFRIGERATION CHILLER NO 2	12-Mar-95	250,000.00
2003249	RC0003 REFRIGERATION CHILLER NO 3	12-Mar-95	250,000.00
2000866B-ORA	ULTRAMARK 9 HDI COLOUR DOPPLER	30-Jun-92	250,000.00
2815-ORA	PHILLIPS DIAGNOST 73 90/90 ROOM 7	01-Jul-77	250,000.00

Description	Date	Total Cost \$	Total WDV \$	Total Proceeds \$	Gain/(Loss) on Sale \$
Prince Henry Hospital Little Bay	February 2004	37,715,346	34,065,238	40,000,000	5,934,762
Demolition of some of the buildings on the Sutherland site	May 2004	44,349,910	44,118,105	0	(231,805)

The proceeds from the sale of properties exclude any GST. The proceeds from the sale of properties were used for the purpose of funding the local contributions to capital works projects, repayment of NSW Health Department loans and for the payment of creditors. Some of the older buildings on the Sutherland site were demolished after the major redevelopment of the site had been completed.

- Note:-
1. Proceeds are recorded net of rate adjustments.
 2. Information in relation to the above property sales can be obtained from NSW Health Department or the South Eastern Sydney Area Health Service.

Matters Raised for Year Ended 30 June 2003, by the Auditor General

The Audit Office of NSW raised 26 matters (28 for the year ended 30 June, 2002) relating to the audit of the financial statements for the year ended 30 June, 2003, of South Eastern Sydney Area Health Service. The South Eastern Sydney Area Health Service has addressed, or is continuing to address, the matters raised. None of the matters raised had any material affect on the financial operations of South Eastern Sydney Area Health Service. Information in relation to the matters raised by the Auditor General can be obtained from South Eastern Sydney Area Health Service.

Group Service Activities

The South Eastern Sydney Area Health Service has the following recognised group services:

1. SEALS (South Eastern Area Laboratory Services) which provides pathology services to most facilities in the Area.
All laboratories within SEALS are accredited with NATA/RCPA. In addition to the NATA medical testing accreditation, the following departments are certified for quality systems management to AS/NZS ISO 9002:1994:
 - SEALS Central Control
 - Endocrinology
 - Haematology - Kogarah
 - Haematology - Randwick
 - Microbiology - Kogarah
 - Microbiology - Randwick
 - Multi-function Laboratory - Sutherland
The Microbiology laboratory at Kogarah is also accredited under the Therapeutic Goods Administration.
2. QFS (Quality Food Service) provides food services, in the Area, to The St George, Prince of Wales, Sutherland and Sydney Children's Hospitals as well as to the Royal Hospital for Women and War Memorial Hospital (Waverley). The Service delivered 1.539m meals during the year ended 30 June, 2004 (1.476m in 2002/03) at an average cost of \$10.87 per meal (\$10.55 in 2002/03).

Both SEALS and QFS operated during the year on a full cost recovery basis. All cross charges were eliminated on consolidation.

The NSW Health Department directed that any cash provisions held by these services for leave liability and/or equipment replacement, be used to settle outstanding creditors. Consequently the services hold no cash for these provisions.

Managed Fund Financial Report

	Employee Related Workers Compensation \$
2000/2001 New Benchmark Premium	16,482,467
2000/2001 Original Benchmark Premium	16,621,769
Net Difference between Benchmark Premiums	(139,302)
2000/2001 Original Deposit Premium	12,993,615
2000/2001 Hindsight Deposit Premium	10,858,383
Net Difference between Deposit Premiums	2,135,232
2000/2001 Receivable with interest and margin	2,105,560

	Goods and Services Motor Vehicle \$
2003/2004 Benchmark Premium	534,549
2003/2004 Deposit Premium	600,150
Surplus (Deficit)	(65,601)

Summary of Investments as at 30 June 2004

	NSW T Corp Hour Glass Facilities				Cash \$
	Bond Market \$	Medium Term \$	Long Term \$	Total Investment \$	
Opening balance 1/7/03	16,331,724	30,980,372	16,032,497	63,344,593	7,056,761
Interest earned to 30/06/04	445,697	2,199,571	2,010,513	4,655,781	217,130
Funds transferred in/out	(2,000,000)	-	-	(2,000,000)	(1,651,108)
Closing balance 30/6/04	14,777,421	33,179,943	18,043,010	66,000,374	5,622,783
Weighted average annual interest rate	3.47%	8.49%	15.07%		5.21%

Casemix in South Eastern Sydney Area Health Service

Casemix data are now extensively used as a tool in both financial and clinical management of inpatient services across the Area Health Service. With the Area's integrated network system, the generation of casemix information is able to flow from the Area to the hospitals and vice versa enabling the provision of relevant, accurate and timely information.

Key Tasks:

- Manage all aspects of Episode Based Funding including preparing the initial budget allocation and quarterly expense reports for submission to NSW Health.
- Manage all aspects of the state wide costing, UAR and program statement collection and reporting.
- Develop and monitor the Area's Activity Inpatient Targets.
- Co-ordinate all Medical Record issues related to the submission of the ISC data to NSW Health.
- Co-ordinate the ongoing monitoring and development of coding standards.
- Manage the implementation of the Sub and Non Acute Patient Classification System.
- Co-ordinate the reconciliation of quarterly DVA data and cost information.