

Sydney South West Area Health Service
Statutory Audit Report
2008-2009



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Sydney South West Area Health Service and Controlled Entities

To Members of the New South Wales Parliament

Report on the Financial Report

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

Auditor's Opinion

In my opinion, the financial report:

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

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

Chief Executive's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Peter Achterstraat
Auditor-General

SYDNEY
20 November 2009

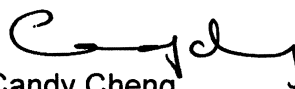
Certification of Parent/Consolidated Financial Statements for period Ended 30 June 2009

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

- i. Have been prepared in accordance with the requirements of applicable Australian Accounting Standards which include Australian Accounting Requirements, the requirements of the *Public Finance and Audit Act 1983* and its regulations, the Accounts and Audit Determination and the Accounting Manual for the Area Health Services and Public Hospitals;
- ii. Present fairly the financial position and transactions of the Sydney South West Area Health Service; and
- iii. Have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mike Wallace
Chief Executive
Sydney South West Area Health Service
16 November 2009



Candy Cheng
Chief Financial Officer
Sydney South West Area Health Service
16 November 2009

Sydney South West Area Health Service
Operating Statement for the Year ended 30 June 2009

Parent			Consolidated			
Actual	Budget	Actual	Notes	Actual	Budget	Actual
2009	2009	2008		2009	2009	2008
\$000	\$000	\$000		\$000	\$000	\$000
Expenses excluding losses						
Operating Expenses						
0	0	0				
1,556,877	1,556,470	1,446,676	Employee Related	3	1,560,517	1,449,670
84,167	86,678	84,816	Personnel Services	4	0	0
777,978	774,828	727,133	Visiting Medical Officers		84,167	84,816
73,032	76,954	74,557	Other Operating Expenses	5	780,158	729,250
26,921	27,384	27,140	Depreciation and Amortisation	2(i), 6	73,539	75,156
286	83	511	Grants and Subsidies	7	27,162	27,140
27,411	27,700	27,837	Finance Costs	8	286	511
			Payments to Affiliated Health Organisations	9	27,411	27,837
2,546,672	2,550,097	2,388,670	Total Expenses excluding losses		2,553,240	2,394,380
Revenue						
476,975	460,432	418,101	Sale of Goods and Services	10	476,975	418,101
9,074	13,578	11,515	Investment Revenue	11	9,686	11,503
70,747	68,204	69,495	Grants and Contributions	12	55,804	49,895
9,586	8,409	18,708	Other Revenue	13	10,818	19,022
566,382	550,623	517,819	Total Revenue		553,283	498,521
(324)	0	(579)	Gain/(Loss) on Disposal	14	(324)	(579)
(5,537)	(2,478)	(4,927)	Other Gains/(Losses)	15	(5,537)	(4,927)
1,986,151	2,001,952	1,876,357	Net Cost of Services	33	2,005,818	1,901,365
Government Contributions						
1,915,968	1,915,968	1,783,296	NSW Department of Health Recurrent Allocations	2(d)	1,915,968	1,783,296
90,021	92,564	31,432	NSW Department of Health Capital Allocations	2(d)	90,021	31,432
(1,873)	0	0	Asset Sale Proceeds transferred to the NSW Department of Health		(1,873)	0
0	0	0	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii)	25,166	25,449
2,004,116	2,008,532	1,814,728	Total Government Contributions		2,029,282	1,840,177
17,965	6,580	(61,629)	RESULT FOR THE YEAR		23,464	(61,188)

The accompanying notes form part of these Financial Statements

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

Parent							Consolidated		
Actual	Budget	Actual		Notes	Actual	Budget	Actual		
2009 \$000	2009 \$000	2008 \$000			2009 \$000	2009 \$000	2008 \$000		
91,165	0	4,847	Net increase/(decrease) in Property, Plant and Equipment Asset Revaluation Reserve	29	91,689	0	4,913		
0	0	(463)	Emerging rights to assets	29	0	0	(463)		
<hr/>									
91,165	0	4,384	TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		91,689	0	4,450		
17,965	6,580	(61,629)	Result for the Year		23,464	6,580	(61,188)		
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109,130	6,580	(57,245)	TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		115,153	6,580	(56,738)		

The accompanying notes form part of these Financial Statements

Sydney South West Area Health Service
Balance Sheet as at 30 June 2009

Parent								Consolidated		
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000		Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000			
ASSETS										
Current Assets										
170,720	152,000	143,095	Cash and Cash Equivalents	18	184,284	152,000	148,974			
43,955	48,662	49,522	Receivables	19	45,110	48,662	50,183			
11,689	11,327	11,544	Inventories	20	11,689	11,327	11,544			
33,575	55,443	35,428	Financial Assets at Fair Value	21	37,880	55,443	42,954			
259,939	267,432	239,589			278,963	267,432	253,655			
1,765	14,356	14,356	Non Current Assets Held for Sale	24	1,765	14,356	14,356			
261,704	281,788	253,945	Total Current Assets		280,728	281,788	268,011			
Non-Current Assets										
1,575	1,620	1,620	Receivables	19	1,575	1,620	1,620			
1,661,031	1,599,857	1,528,853	Property, Plant and Equipment							
114,810	100,835	117,874	- Land and Buildings	22	1,669,120	1,599,857	1,533,341			
1,775,841	1,700,692	1,646,727	- Plant and Equipment	22	116,059	100,835	119,253			
			Total Property, Plant and Equipment		1,785,179	1,700,692	1,652,594			
Intangible Assets										
474	416	416	Other	2(aa), 23	474	416	416			
1,777,890	1,702,728	1,648,763	Total Non-Current Assets		1,787,228	1,702,728	1,654,630			
2,039,594	1,984,516	1,902,708	Total Assets		2,067,956	1,984,516	1,922,641			
LIABILITIES										
Current Liabilities										
135,296	171,037	158,597	Payables	26	136,081	171,037	159,137			
203	407	3,907	Borrowings	27	203	407	3,907			
484,054	467,952	431,787	Provisions	28	484,616	467,952	432,188			
619,553	639,396	594,291	Total Current Liabilities		620,900	639,396	595,232			
Non-Current Liabilities										
454	458	374	Borrowings	27	2,454	458	374			
30,518	39,194	28,104	Provisions	28	30,561	39,194	28,147			
30,972	39,652	28,478	Total Non-Current Liabilities		33,015	39,652	28,521			
650,525	679,048	622,769	Total Liabilities		653,915	679,048	623,753			
1,389,069	1,305,468	1,279,939	Net Assets		1,414,041	1,305,468	1,298,888			
EQUITY										
129,996	46,267	40,385	Reserves	29	130,882	46,267	40,747			
1,258,700	1,259,201	1,234,034	Accumulated Funds	29	1,282,786	1,259,201	1,252,621			
1,388,696	1,305,468	1,274,419			1,413,668	1,305,468	1,293,368			
373	0	5,520	Amount recognised in equity relating to assets held for sale	24, 29	373	0	5,520			
1,389,069	1,305,468	1,279,939	Total Equity		1,414,041	1,305,468	1,298,888			

The accompanying notes form part of these Financial Statements

Sydney South West Area Health Service
Cash Flow Statement for the Year ended 30 June 2009

Parent			Consolidated			
Actual	Budget	Actual		Actual	Budget	Actual
2009	2009	2008	Notes	2009	2009	2008
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
(1,478,912)	(1,469,588)	(1,376,931)		(1,482,393)	(1,469,588)	(1,379,960)
(29,613)	(55,084)	(29,854)		(29,879)	(55,084)	(29,854)
(3)	(83)	(15)		(3)	(83)	(15)
(979,574)	(875,650)	(895,622)		(982,155)	(875,650)	(898,121)
(2,488,102)	(2,400,405)	(2,302,422)		(2,494,430)	(2,400,405)	(2,307,950)
Receipts						
456,307	370,725	396,477		456,307	370,725	396,477
9,244	11,627	11,678		9,855	11,627	11,655
142,617	133,899	147,759		151,598	133,899	154,186
608,168	516,251	555,914		617,760	516,251	562,318
Cash Flows From Government						
1,915,968	1,915,968	1,783,296		1,915,968	1,915,968	1,783,296
21,499	15,769	25,702		21,499	15,769	25,702
1,937,467	1,931,737	1,808,998		1,937,467	1,931,737	1,808,998
NET CASH FLOWS FROM OPERATING ACTIVITIES						
57,533	47,583	62,490	33	60,797	47,583	63,366
CASH FLOWS FROM INVESTING ACTIVITIES						
11,290	0	425		11,290	0	425
0	0	0		3,262	0	0
(38,502)	(56,497)	(57,744)		(38,985)	(56,497)	(57,922)
1,853	0	2,065		1,812	0	3,382
(642)	0	5,475		(959)	0	5,365
(26,001)	(56,497)	(49,779)		(23,580)	(56,497)	(48,750)
NET CASH FLOWS USED IN INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
0	0	0		2,000	0	0
(3,907)	(3,500)	(3,500)		(3,907)	(3,500)	(3,500)
(3,907)	(3,500)	(3,500)		(1,907)	(3,500)	(3,500)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES						
27,625	(12,414)	9,211		35,310	(12,414)	11,116
143,095	143,095	133,884		148,974	143,095	137,858
170,720	130,681	143,095		184,284	130,681	148,974
CLOSING CASH AND CASH EQUIVALENTS						
			18			

The accompanying notes form part of these Financial Statements

**Sydney South West Area Health Service
Service Group Statements
for the Year Ended 30 June 2009**

SERVICE'S EXPENSES AND INCOME	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Non Attributable		Total			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Expenses excluding losses																										
Operating Expenses																										
Employee Related	109,392	101,622	1,307	935	209,116	189,617	109,080	101,332	677,549	636,202	98,312	91,329	133,595	124,105	105,179	97,708	26,656	22,905	90,331	83,915	0	0	1,560,517	1,449,670		
Visiting Medical Officers	2,062	2,078	25	25	13,441	13,545	1,919	1,934	48,750	49,125	8,173	8,236	3,880	3,910	3,442	3,469	960	967	1,515	1,527	0	0	84,167	84,816		
Other Operating Expenses	19,717	25,818	255	328	49,535	66,964	49,159	44,251	505,622	439,409	88,045	76,635	13,565	18,388	38,570	36,171	5,542	7,449	10,148	13,837	0	0	780,158	729,250		
Depreciation and Amortisation	4,074	4,164	52	53	10,472	10,702	5,618	5,742	37,011	37,825	4,699	4,802	3,060	3,127	5,516	5,637	772	789	2,265	2,315	0	0	73,539	75,156		
Grants and Subsidies	18,683	18,953	0	0	0	0	0	0	0	0	0	0	7,828	7,564	651	623	0	0	0	0	0	0	27,162	27,140		
Finance Costs	0	0	0	0	0	0	0	0	286	511	0	0	0	0	0	0	0	0	0	0	0	0	286	511		
Payments to Affiliated Health Organisations	5,434	5,064	0	0	536	493	0	0	4,994	4,591	0	0	784	796	15,617	16,842	0	0	46	51	0	0	27,411	27,837		
<i>Other Expenses</i>																										
Total Expenses excluding losses	159,362	157,699	1,639	1,341	283,100	281,321	165,776	153,259	1,274,212	1,167,663	199,229	181,002	162,712	157,890	168,975	160,450	33,930	32,110	104,305	101,645	0	0	2,553,240	2,394,380		
Revenue																										
Sale of Goods and Services	742	1,434	0	0	7,847	15,161	15,333	14,943	383,049	316,479	52,203	45,480	806	1,557	14,365	17,966	191	369	2,439	4,712	0	0	476,975	418,101		
Investment Revenue	726	862	4	5	762	905	278	330	2,789	3,313	311	369	237	281	574	682	402	477	3,603	4,279	0	0	9,686	11,503		
Grants and Contributions	3,344	3,158	0	0	5,516	5,209	1,649	1,557	15,380	14,525	1,400	1,322	592	559	6,219	5,873	454	429	21,250	17,263	0	0	55,804	49,895		
Other Revenue	1,095	1,925	7	13	791	1,391	401	706	2,126	2,154	467	822	326	573	913	1,605	1,960	3,447	3,632	6,386	0	0	10,818	19,022		
Total Revenue	5,907	7,379	11	18	14,916	22,666	17,661	17,536	402,444	336,471	54,381	47,993	1,961	2,970	22,071	26,126	3,007	4,722	30,924	32,640	0	0	553,283	498,521		
Gain / (Loss) on Disposal	0	0	0	0	0	0	0	0	(324)	(579)	0	0	0	0	0	0	0	0	0	0	0	0	(324)	(579)		
Other Gains / (Losses)	0	0	0	0	0	0	0	0	(5,537)	(4,927)	0	0	0	0	0	0	0	0	0	0	0	0	(5,537)	(4,927)		
Net Cost of Services	153,455	150,320	1,628	1,323	268,184	258,655	148,115	135,723	877,629	836,698	144,848	133,009	160,751	154,920	146,904	134,324	30,923	27,388	73,381	69,005	0	0	2,005,818	1,901,365		

Government Contributions

2,029,282 1,840,177 2,029,282 1,840,177

RESULT FOR THE YEAR

23,464 (61,188)

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

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

The Service Group Statement uses statistical data to 31 December 2008 to allocate the current period's financial information on Expenses and Income to each Service Group.

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

Sydney South West Area Health Service
Service Group Statements
for the Year Ended 30 June 2009

updated 14/10/09

SERVICE'S ASSETS AND LIABILITIES	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Non Attributable		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	10,654	9,425	110	80	18,927	16,813	11,083	9,159	85,187	69,783	13,319	10,817	10,878	9,436	11,297	9,589	2,268	1,919	20,561	11,953	0	0	184,284	148,974
Receivables	484	743	1	2	1,223	2,282	1,448	1,765	32,989	33,870	4,458	4,831	161	299	1,809	2,630	246	475	2,291	3,286	0	0	45,110	50,183
Inventories	295	409	4	5	742	1,060	736	700	7,572	6,956	1,319	1,213	203	291	578	573	83	118	157	219	0	0	11,689	11,544
Financial Assets at Fair Value	1,690	1,889	17	16	3,002	3,371	1,758	1,836	13,514	13,990	2,113	2,169	1,726	1,892	1,792	1,922	360	385	11,908	15,484	0	0	37,880	42,954
Non Current Assets Held for Sale	98	795	1	10	251	2,044	135	1,097	888	7,225	113	917	73	597	132	1,077	19	151	55	443	0	0	1,765	14,356
Total Current Assets	13,221	13,261	133	113	24,145	25,570	15,160	14,557	140,150	131,824	21,322	19,947	13,041	12,515	15,608	15,791	2,976	3,048	34,972	31,385	0	0	280,728	268,011
Non-Current Assets																								
Receivables	17	24	0	0	43	74	51	57	1,152	1,093	156	156	6	10	63	85	9	15	78	106	0	0	1,575	1,620
Property, Plant and Equipment																								
- Land and Buildings	89,879	81,251	1,147	1,034	231,029	208,825	123,942	112,042	816,521	738,068	103,667	93,700	0	127,861	121,692	109,993	17,032	15,396	53,310	45,171	110,901	0	1,669,120	1,533,341
- Plant and Equipment	6,430	6,607	82	84	16,527	16,981	8,866	9,111	58,411	60,018	7,416	7,620	4,829	4,962	8,705	8,944	1,218	1,252	3,575	3,674	0	0	116,059	119,253
Intangible Assets	26	23	0	0	67	59	36	32	239	209	30	27	20	17	36	31	5	4	15	14	0	0	474	416
Total Non-Current Assets	96,352	87,905	1,229	1,118	247,666	225,939	132,895	121,242	876,323	799,388	111,269	101,503	4,855	132,850	130,496	119,053	18,264	16,667	56,978	48,965	110,901	0	1,787,228	1,654,630
Total Assets	109,573	101,166	1,362	1,231	271,811	251,509	148,055	135,799	#####	931,212	132,591	121,450	17,896	145,365	146,104	134,844	21,240	19,715	91,950	80,350	110,901	0	2,067,956	1,922,641
LIABILITIES																								
Current Liabilities																								
Payables	3,438	5,634	44	72	8,636	14,613	8,571	9,656	88,152	95,888	15,350	16,723	2,365	4,013	6,724	7,893	966	1,626	1,835	3,019	0	0	136,081	159,137
Borrowings	13	257	0	2	23	459	13	250	101	1,905	16	295	13	258	13	262	3	52	8	167	0	0	203	3,907
Provisions	33,972	30,296	406	279	64,941	56,530	33,875	30,210	210,412	189,670	30,531	27,228	41,488	36,999	32,663	29,130	8,278	6,829	28,050	25,017	0	0	484,616	432,188
Total Current Liabilities	37,423	36,187	450	353	73,600	71,602	42,459	40,116	298,665	287,463	45,897	44,246	43,866	41,270	39,400	37,285	9,247	8,507	29,893	28,203	0	0	620,900	595,232
Non-Current Liabilities																								
Borrowings	28	25	0	0	50	44	29	24	227	182	35	28	29	25	30	25	6	5	2,020	16	0	0	2,454	374
Provisions	2,142	1,973	26	18	4,095	3,682	2,136	1,967	13,269	12,353	1,925	1,773	2,616	2,410	2,060	1,897	522	445	1,770	1,629	0	0	30,561	28,147
Total Non-Current Liabilities	2,170	1,998	26	18	4,145	3,726	2,165	1,991	13,496	12,535	1,960	1,801	2,645	2,435	2,090	1,922	528	450	3,790	1,645	0	0	33,015	28,521
Total Liabilities	39,593	38,185	476	371	77,745	75,328	44,624	42,107	312,161	299,998	47,857	46,047	46,511	43,705	41,490	39,207	9,775	8,957	33,683	29,848	0	0	653,915	623,753
Net Assets	69,980	62,981	886	860	194,066	176,181	103,431	93,692	704,312	631,214	84,734	75,403	(28,615)	101,660	104,614	95,637	11,465	10,758	58,267	50,502	110,901	0	1,414,041	1,298,888

The statistical data collected to 31 December 2008 to apportion Service Group expenses and revenues is also used to attribute assets and liabilities to each Service Group.

SSWAHS has assessed the balance sheet items. Any assets / liabilities that are readily attributable to a service group has been allocated. The apportionment of the remaining balances was based on the NSW Health apportionment methodology

1 The Health Service Reporting Entity

The Sydney South West Area Health Service (SSWAHS) was established under the provisions of the Health Services Act with effect from 1 January 2005. As a reporting entity SSWAHS comprises the services previously provided by the former Central Sydney Area Health Service and the former South Western Sydney Area Health Service.

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

The SSWAHS Health Service Special Purpose Service Entity is a Division of the Government Service on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to Sydney South West Area Health Service to exercise its functions.

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

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

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

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

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

The Financial Report encompasses the activities of the General Fund and the controlled segment of the Special Purposes and Trust Fund. As SSWAHS cannot use the uncontrolled segment of the latter fund to achieve its objectives, the cash balances and activity of that segment are disclosed by way of a note to the financial statements (Note 31). Within the controlled segment of the Special Purposes and Trust Fund there are assets restricted to specific uses by donors but nonetheless controlled by SSWAHS.

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

Principles of Consolidation

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

The values in the annual financial statements presented herein consist of the Health Service (as the parent entity), the financial report of the special purpose entity Division and the consolidated financial report of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 12, 26, 28 and 33 being especially relevant to the arrangements between the Health Service and the Division.

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

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

The ANZAC Health and Medical Research Foundation is a controlled entity of SSWAHS by virtue of SSWAHS's capacity to control the casting of the majority of the votes at meetings of the governing body of the Foundation. The Foundation is incorporated in Australia as a company limited by guarantee under the Corporations Act 2001, and it is an economic entity whose principal activity is research. The beneficial interest held by SSWAHS is 100%.

The Ingham Health Research Institute (IHRI) is a controlled entity of SSWAHS. IHRI has been formed as a public company limited by guarantee on 18 February 1997, it is an economic entity whose principal activity is medical research. The IHRI board is made up of community members and representatives of SSWAHS, the University of Western Sydney and the University of New South Wales.

These financial statements have been authorised for issue by the Chief Executive on 16 November 2009.

2 Summary of Significant Accounting Policies

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

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

The consolidated entity has a deficiency of working capital of \$340.172 million (2008 \$327.221 million). Notwithstanding this deficiency the financial report has been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

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

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

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

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

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

a) Employee Benefits and Other Provisions

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

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

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

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

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

ii) Long Service Leave and Superannuation

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

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

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

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

iii) Other Provisions

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

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

b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods and Services

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

Patient Fees

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

Investment Revenue

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

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

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

Grants and Contributions

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

NSW Department of Health Allocations

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

General operating expenses/revenues of Scarba Services, Tresillian Family Care Centres, Braeside Hospital, Carrington Centennial Hospital and Karitane Mothercraft have only been included in the Operating Statement prepared to the extent of the cash payments made to the Health Organisations concerned (Note 9). SSWAHS is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Balance Sheet. Note 32 contains related information about the Health Service's obligations.

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

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

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

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

f) Inter Area and Interstate Patient Flows

Inter Area Patient Flows

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

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

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

Inter State Patient Flows

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

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

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

g) Acquisition of Assets

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

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

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

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

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by SSWAHS are deemed to be controlled by SSWAHS and are reflected as such in the financial statements.

h) Capitalisation Threshold

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

i) Depreciation

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to SSWAHS. Land is not a depreciable asset.

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

Buildings	2.5% - 4.0%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0% - 12.5%
Plant and Machinery	10.0%
Furniture, Fittings and Furnishings	10.0%

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

j) Revaluation of Non Current Assets

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

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

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

The SSWAHS revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Area as at July 2006 was completed on April 2007 and was based on an independent assessment. To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices provided in expert advice from the Department of Lands are applied. The indices reflect an assessment of movements made in the period between revaluations.

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

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

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

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

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

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

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

k) Impairment of Property, Plant and Equipment

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

l) Restoration Costs

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

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

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

n) Transfer of Callan Park Hospital site to Leichardt Council

Given the relocation of health services from the Callan Park site to Concord Hospital an offer has been made to Leichardt Municipal Council for a 99 year lease of 40 of the 60 hectares contained in the Callan Park site. The conditions of the lease are being negotiated through the Sydney Harbour Foreshore Authority and the impact on both the Sydney South West AHS and the Department are not yet known.

However, based on transfer of 40 hectares the potential reduction in the Area's land and buildings and infrastructure assets approximated \$58.6M, such estimate having been updated from last year's estimate of \$52M due to the desk valuation of the Health Services's assets in 2008/09.

o) Maintenance

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

p) Leased Assets

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

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

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

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

q) Inventories

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

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

r) Loans and Receivables

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

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

s) Investments

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

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

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

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

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

- * Held to maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Sydney South West Area Health Service has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the operating statement when impaired, derecognised or through the amortisation process.
- * Available for sale investments - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the operating statement. However, interest calculated using the effective interest method and dividends are recognised in the operating statement.

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

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

t) Impairment of financial assets

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

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

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

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

u) De-recognition of financial assets and financial liabilities

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

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

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

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

v) Payables

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

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

w) Borrowings

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

x) Equity Transfers

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

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 Service/Government Department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

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

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

y) Trust Funds

The SSWAHS receives monies in a trustee capacity for various trusts as set out in Note 31. As the Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the SSWAHS's own objectives, they are not brought to account in the financial statements.

z) Budgeted Amounts

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

aa) Emerging Asset

The SSWAHS's emerging interest in the Bowral Private Medical Imaging has been valued in accordance with the Department of Health's policy for Accounting for Privately Financed Projects (Note 23). This policy required the Health Services to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 15 years using the annuity method and the Government Bond rate of 9.15% at commencement of the concession period.

ab) Summary of Capital Management

Project management for all capital projects over \$10M is provided by Health Infrastructure, a division of the Health Administration Corporation created with the purpose of managing and coordinating approved capital works projects within time, budget and quality standards specified by the Department.

Work in progress managed by Health Infrastructure is recognised as an asset by the Service, as the Service obtains the benefits accruing from those assets.

ac) Service group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the 6 months ended 31 December 2008 (or more reliable recent data) which is then applied to the current period's financial information. In respect of Assets and Liabilities the Department requires that all Health Services take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health, eg. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

Sydney South West Area Health Service
Notes to and forming part of the Financial Statements
for the Year ended 30 June 2009

Parent			Consolidated	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	1,163,172	1,104,334
0	0	Awards	60,632	51,044
0	0	Superannuation [see note 2(a)] - defined benefit plans	25,166	25,449
0	0	Superannuation [see note 2(a)] - defined contributions	104,520	90,811
0	0	Long Service Leave [see note 2(a)]	45,913	39,362
0	0	Annual Leave [see note 2(a)]	139,227	115,747
0	0	Workers Compensation Insurance	21,887	22,923
<u>0</u>	<u>0</u>		<u>1,560,517</u>	<u>1,449,670</u>

The following additional information is provided:

Maintenance staff costs included in Employee Related Expenses totals \$11.841 million
Note 5 further refers.

4. Personnel Services				
Personnel Services comprise the purchase of the following:				
1,159,938	1,101,582	Salaries and Wages	0	0
60,632	51,044	Awards	0	0
25,166	25,445	Superannuation [see note 2(a)] - defined benefit plans	0	0
104,506	90,807	Superannuation [see note 2(a)] - defined contributions	0	0
45,843	39,330	Long Service Leave [see note 2(a)]	0	0
138,905	115,545	Annual Leave [see note 2(a)]	0	0
21,887	22,923	Workers Compensation Insurance	0	0
<u>1,556,877</u>	<u>1,446,676</u>		<u>0</u>	<u>0</u>

Sydney South West Area Health Service
Notes to and forming part of the Financial Statements
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Parent			Consolidated	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
5. Other Operating Expenses				
244,202	203,014	Allocations towards Inter Area Patient Outflows, NSW (see (c) below)	244,202	203,014
20,135	16,217	Blood and Blood Products	20,135	16,217
29,956	28,749	Domestic Supplies and Services	29,974	28,768
109,233	101,342	Drug Supplies	109,233	101,342
16,868	16,236	Food Supplies	16,884	16,252
22,588	20,423	Fuel, Light and Power	22,588	20,423
36,693	34,873	General Expenses (See (a) below)	37,179	35,344
5,539	5,849	Hospital Ambulance Transport Costs	5,539	5,849
11,615	10,693	Information Management Expenses	11,616	10,694
1,754	1,249	Insurance	1,756	1,249
5,337	1,637	Interstate Patient Outflows (see (d) below)	5,337	1,637
		Maintenance (See (b) below)		
15,283	17,348	Maintenance Contracts	15,283	17,348
6,304	9,840	New/Replacement Equipment under \$10,000	6,495	10,013
3,782	2,533	Repairs	3,784	2,534
33,306	39,592	Maintenance/Non Contract	33,330	39,729
2,546	8,278	Capital Works < \$10,000	2,546	8,278
142,316	138,989	Medical and Surgical Supplies	142,537	139,233
6,360	6,449	Postal and Telephone Costs	6,364	6,452
9,090	9,398	Printing and Stationery	9,145	9,451
214	205	Rates and Charges	214	205
2,682	2,417	Rental	2,682	2,417
39,811	39,425	Special Service Departments	40,796	40,247
3,154	3,431	Staff Related Costs	3,199	3,464
848	1,019	Aircraft Expenses (Ambulance)	848	1,019
8,362	7,927	Travel Related Costs	8,492	8,071
777,978	727,133		780,158	729,250
(a) General Expenses comprise:-				
455	784	Advertising	462	790
1,437	1,522	Books, Magazines and Journals	1,448	1,533
532	524	Courier and Freight	546	535
376	373	Auditor's Remuneration - Audit of financial reports	406	414
1,635	1,574	Legal Services	1,639	1,575
777	506	Membership/Professional Fees	786	512
6,960	7,474	Motor Vehicle Operating Lease Expense - minimum lease payments	6,967	7,483
5,770	5,607	Other Operating Lease Expense - minimum lease payments	5,770	5,607
77	24	Payroll Services	77	24
259	261	Quality Assurance/Accreditation	264	261
1,330	1,342	Security Services	1,330	1,342
883	1,035	Translator Services	883	1,035
3,043	3,632	Motor Vehicle registration and fuel	3,045	3,636
13,159	10,215	Other	13,556	10,597
36,693	34,873		37,179	35,344
(b) Reconciliation Total Maintenance				
61,221	77,591	Maintenance expense - contracted labour and other (non employee related), included in Note 5	61,809	77,902
11,841	11,575	Employee related/Personnel Services maintenance expense included in Notes 3 and 4	11,841	11,575
73,062	89,166	Total maintenance expenses included in Notes 3, 4 and 5	73,650	89,477
(c) Details of Allocations applied to Inter Area Patient Outflows, NSW on an Area basis as accepted by the NSW Department of Health are as follows (\$000):				
South East Illawarra: \$129,001 (\$110,652) Sydney West: \$46,663 (\$42,898) Northern Sydney Central Coast: \$14,628 (\$12,741) Hunter New England: \$1,513 (\$1,360) North Coast: \$771 (\$945) Greater Southern: \$599 (\$816) Greater Western: \$464 (\$353) Children's Hospital Westmead: \$50,563 (\$33,249)				
(d) Expenses for Interstate Patient Flows are as follows (\$000): Note that prior year Interstate Patient Flows are not available				
ACT: \$1,351 QLD: \$1,528 SA: \$167 VIC: \$2,133 TAS: \$(28) NT: \$93 WA: \$93				

Sydney South West Area Health Service
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Parent			Consolidated	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
46,809	46,875	Depreciation - Buildings	47,072	47,238
26,223	27,682	Depreciation - Plant and Equipment	26,467	27,918
73,032	74,557		73,539	75,156
7. Grants and Subsidies				
21,018	21,213	Non Government Voluntary Organisations	21,018	21,213
5,903	5,927	Other Contract Non Government Organisations	6,144	5,927
26,921	27,140		27,162	27,140
8. Finance Costs				
0	496	Interest on Bank Overdrafts and Loans	0	496
286	15	Other Interest Charges	286	15
286	511		286	511

Sydney South West Area Health Service
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Parent			Consolidated	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
9. Payments to Affiliated Health Organisations				
Recurrent Sourced				
6,173	5,675	Tresillian Family Care Centre at Belmore	6,173	5,675
1,012	921	Central Sydney Scarba Serv and South West Sydney Scarba Services	1,012	921
2,068	1,909	Carrington Centennial Hospital	2,068	1,909
4,199	3,946	Karitane	4,199	3,946
13,959	15,386	Braeside Hospital, Prairiewood	13,959	15,386
27,411	27,837		27,411	27,837
10. Sale of Goods / Rendering of Services				
(a) Sale of Goods comprise the following:-				
9,856	10,412	Sale of Prosthesis	9,856	10,412
1,636	1,125	Pharmacy Sales	1,636	1,125
(b) Rendering of Services comprise the following:-				
120,612	117,609	Patient Fees [see note 2(d)]	120,612	117,609
488	655	Staff-Meals and Accommodation	488	655
39,319	34,125	Infrastructure Charge - Monthly Facility Fees [see note 2(d)]	39,319	34,125
23,738	19,609	Annual Infrastructure Charge-Trust Fund Right of Private Practice Revenue **	23,738	19,609
253,269	208,787	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	253,269	208,787
6,118	6,028	Cafeteria/Kiosk	6,118	6,028
4,612	4,165	Car Parking	4,612	4,165
2,934	2,822	Child Care Fees	2,934	2,822
1,782	2,319	Clinical Services (excluding Clinical Drug Trials)	1,782	2,319
293	277	Fees for Medical Records	293	277
19	17	Information Retrieval	19	17
46	55	Linen Service Revenues - Non Health Services	46	55
5	9	Linen Service Revenues - Other Health Services	5	9
128	153	PADP Patient Copayments	128	153
7,295	4,432	Patient Inflows from Interstate (see note (d) below)	7,295	4,432
913	803	Salary Packaging Fee	913	803
3,912	4,699	Other	3,912	4,699
476,975	418,101		476,975	418,101

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

South East Illawarra: \$67,796 (\$57,377) Sydney West: \$69,496 (\$58,537) Northern Sydney Central Coast: \$50,274 (\$41,352) Hunter New England: \$11,911 (\$9,376) North Coast: \$7,531 (\$6,696) Greater Southern: \$12,677 (\$9,994) Greater Western: \$33,585 (\$25,455).

(d) Revenues from Patient Inflows from Interstate are as follows (\$000): Note that prior year Interstate Patient Inflows are not available

ACT: \$2,665 QLD: \$1,342 SA: \$411 VIC: \$1,523 TAS: \$326 NT: \$574 WA: \$454

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

Sydney South West Area Health Service
Notes to and forming part of the Financial Statements
for the Year ended 30 June 2009

Parent			Consolidated	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
11. Investment Revenue				
		Interest		
3,684	4,368	- T Corp Hour Glass Investment Facilities designated at Fair Value through profit or loss	3,699	4,067
3,278	5,170	- Other	3,875	5,459
2,079	1,947	Lease and Rental Income	2,079	1,947
33	30	Royalties	33	30
9,074	11,515		9,686	11,503
12. Grants and Contributions				
5,019	3,531	Clinical Drug Trials	5,356	3,707
9,524	7,892	Commonwealth Government grants	9,525	7,892
8,936	8,561	Industry Contributions/Donations	12,258	9,017
6,274	9,848	Cancer Institute grants	7,512	10,517
5,844	5,205	NSW Government grants	6,382	6,020
25,166	25,444	Personnel Services - Superannuation Defined Benefits [see note 4]	0	0
5,295	5,682	Research grants	9,620	9,410
119	53	University Commission grants	119	53
4,570	3,279	Other grants	5,032	3,279
70,747	69,495		55,804	49,895
13. Other Revenue				
Other Revenue comprises the following:-				
608	463	Bad Debts recovered	608	463
737	924	Commissions	737	924
1,650	1,675	Conference and Training Fees	1,650	1,675
79	72	Discounts	79	72
28	17	Sale of Merchandise, Old Wares and Books	28	17
123	0	Sponsorship Income	123	0
3,953	13,085	Treasury Managed Fund Hindsight Adjustment	3,953	13,085
2,408	2,472	Other	3,640	2,786
9,586	18,708		10,818	19,022
14. Gain/(Loss) on Disposal				
16,180	20,053	Property, Plant and Equipment	16,180	20,053
15,059	19,049	Less Accumulated Depreciation	15,059	19,049
1,121	1,004	Written Down Value	1,121	1,004
782	425	Less Proceeds from Disposal	782	425
(339)	(579)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(339)	(579)
14,014	0	Assets Held for Sale	14,014	0
14,029	0	Less Proceeds from Disposal	14,029	0
15	0	Gain/(Loss) on Disposal of Assets Held for Sale	15	0
(324)	(579)	Total Gain/(Loss) on Disposal	(324)	(579)
15. Other Gains/(Losses)				
(5,537)	(4,927)	Impairment of Receivables	(5,537)	(4,927)
(5,537)	(4,927)		(5,537)	(4,927)

Sydney South West Area Health Service
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16. Conditions on Contributions

Parent

	Purchase of Assets \$000	Health Promotion, Education and Research \$000	Other \$000	Total \$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at Balance Date	652	11,688	41,995	54,335
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	17,451	45,949	69,544	132,944
Total amount of unexpended contributions as at Balance Date	<u>18,103</u>	<u>57,637</u>	<u>111,539</u>	<u>187,279</u>

Consolidated

	Purchase of Assets \$000	Health Promotion, Education and Research \$000	Other \$000	Total \$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at Balance Date	652	21,244	43,378	65,274
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	22,115	48,351	72,645	143,111
Total amount of unexpended contributions as at Balance Date	<u>22,767</u>	<u>69,595</u>	<u>116,023</u>	<u>208,385</u>

Comment on restricted assets appears in Note 25

17 Service Groups of the Health Service

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Overnight Acute Inpatient Services

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

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

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

Service Group 2.3 - Same Day Acute Inpatient Services

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

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

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

Sydney South West Area Health Service
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Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

Sydney South West Area Health Service
Notes to and forming part of the Financial Statements
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Parent			Consolidated	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
18. Current Assets - Cash and Cash Equivalents				
63,934	42,619	Cash at bank and on hand	63,936	42,672
106,786	100,476	TCorp - Cash Facility and Bank term deposits	120,348	106,302
170,720	143,095		184,284	148,974
Cash & cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statements as follows:				
170,720	143,095	Cash and cash equivalents (per Balance Sheet)	184,284	148,974
170,720	143,095	Closing Cash and Cash Equivalents (per Cash Flow Statement)	184,284	148,974

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

19. Receivables

		Current		
22,225	23,481	(a) Sale of Goods and Services	22,225	23,481
1,672	2,158	Prostheses	1,672	2,158
4,088	5,555	Intra Area charges	4,088	5,555
6,114	7,958	NSW Health Department	6,114	7,958
234	241	Workers Compensation	234	241
9,454	7,939	Sundry Debtors	9,977	8,437
879	2,682	Leave Mobility	879	2,682
7,867	7,250	GST Debtors	8,011	7,390
838	1,197	Other Debtors	1,327	1,220
53,371	58,461	Sub Total	54,527	59,122
(7,183)	(7,622)	Less Allowance for Impairment - Patient Fees	(7,183)	(7,622)
(2,295)	(1,838)	Allowance for Impairment - Others	(2,295)	(1,838)
43,893	49,001	Sub Total	45,049	49,662
62	521	Prepayments	61	521
43,955	49,522		45,110	50,183
(b) Movement in the allowance for impairment				
Sale of Goods & Services				
(7,622)	(8,180)	Balance at 1 July	(7,622)	(8,180)
5,474	4,719	Amounts written off during the year	5,474	4,719
(5,035)	(4,161)	(Increase)/decrease in allowance recognised in Result for the Year	(5,035)	(4,161)
(7,183)	(7,622)	Balance at 30 June	(7,183)	(7,622)
(c) Movement in the allowance for impairment				
Other Debtors				
(1,838)	(1,164)	Balance at 1 July	(1,838)	(1,164)
45	92	Amounts written off during the year	46	92
(502)	(766)	(Increase)/decrease in allowance recognised in Result for the Year	(503)	(766)
(2,295)	(1,838)	Balance at 30 June	(2,295)	(1,838)

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

Sydney South West Area Health Service
Notes to and forming part of the Financial Statements
for the Year ended 30 June 2009

Parent			Consolidated	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
19. Receivables Con't				
(d) Sale of Goods and Services comprises:				
7,066	7,427	Patient Fees - Compensable	7,066	7,427
5,062	6,274	Patient Fees - Ineligible	5,062	6,274
10,097	9,780	Patient Fees - Other	10,097	9,780
22,225	23,481		22,225	23,481

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

1,575	1,620	Non Current Prepayments	1,575	1,620
1,575	1,620		1,575	1,620

20. Inventories				
Current - at cost (held for Distribution)				
8,422	8,215	Drugs	8,422	8,215
2,221	2,319	Medical and Surgical Supplies	2,221	2,319
883	848	Food and Hotel Supplies	883	848
126	89	Engineering Supplies	126	89
37	73	Other including Goods in Transit	37	73
11,689	11,544		11,689	11,544

21. Financial Assets at Fair Value				
Current				
33,575	35,428	Treasury Corporation - Hour Glass Facility	37,880	42,954
33,575	35,428		37,880	42,954

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

Sydney South West Area Health Service
Notes to and forming part of the Financial Statements
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22. Property, Plant and Equipment

Parent		Consolidated	
2009	2008	2009	2008
\$000	\$000	\$000	\$000
Land and Buildings - fair value			
2,639,194	2,417,458	2,649,954	2,424,058
978,163	888,605	980,834	890,717
1,661,031	1,528,853	1,669,120	1,533,341
Plant and Equipment - fair value			
467,636	459,570	470,156	461,942
352,826	341,696	354,097	342,689
114,810	117,874	116,059	119,253
1,775,841	1,646,727	1,785,179	1,652,594

22. Property, Plant and Equipment - Reconciliations

(a) Parent

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
2009					
Net Carrying amount at start of year	341,294	1,127,222	63,894	114,317	1,646,727
Additions	550	1,380	97,662	15,806	115,398
Recognition of Assets Held for Sale	(2,846)	(450)	0	0	(3,296)
Disposals	0	0	0	(1,121)	(1,121)
Net revaluation increment less revaluation decrements recognised in reserves	(22,328)	113,493	0	0	91,165
Depreciation expense	0	(46,809)	0	(26,223)	(73,032)
Reclassifications	0	5,072	(9,176)	4,104	0
Net Carrying amount at end of year	316,670	1,199,908	152,380	106,883	1,775,841
2008					
Net Carrying amount at start of year	342,494	1,119,404	89,659	113,313	1,664,870
Additions	0	0	36,346	22,837	59,183
Recognition of Assets Held for Sale	(1,200)	(565)	0	0	(1,765)
Disposals	0	0	0	(1,004)	(1,004)
Net revaluation increment less revaluation decrements recognised in reserves	0	0	0	0	0
Depreciation expense	0	(46,875)	0	(27,682)	(74,557)
Reclassifications	0	55,258	(62,111)	6,853	0
Net Carrying amount at end of year	341,294	1,127,222	63,894	114,317	1,646,727

Sydney South West Area Health Service
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(b) Consolidated

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
2009					
Net Carrying amount at start of year	341,294	1,131,710	63,894	115,696	1,652,594
Additions	550	4,721	97,662	15,919	118,852
Recognition of Assets Held for Sale	(2,846)	(450)	0	0	(3,296)
Disposals	0	0	0	(1,121)	(1,121)
Net revaluation increment less revaluation decrements recognised in reserves	(22,328)	114,017	0	0	91,689
Depreciation expense	0	(47,072)	0	(26,467)	(73,539)
Reclassifications	0	5,072	(9,176)	4,104	0
Net Carrying amount at end of year	316,670	1,207,998	152,380	108,131	1,785,179

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
2008					
Net Carrying amount at start of year	342,494	1,124,189	89,659	114,750	1,671,092
Additions	0	0	36,346	23,015	59,361
Recognition of Assets Held for Sale	(1,200)	(565)	0	0	(1,765)
Disposals	0	0	0	(1,004)	(1,004)
Net revaluation increment less revaluation decrements recognised in reserves	0	66	0	0	66
Depreciation expense	0	(47,238)	0	(27,918)	(75,156)
Reclassifications	0	55,258	(62,111)	6,853	0
Net Carrying amount at end of year	341,294	1,131,710	63,894	115,696	1,652,594

- (i) Land and Buildings owned by the Health Administration Corporation and administered by the Health Service [see note 2(g)].
- (ii) The SSWAHS's Land and Buildings were valued by Corporeal Property Valuers (property valuer) on 1 July 2006 [see note 2 (j)]. Corporeal Property Valuers is not an employee of the SSWAHS.
- (iii) In accordance with the fair value requirements of AASB 116 and land, buildings and infrastructure assets have had an uplift factor applied in relation to the movement in the market and increase in the building and infrastructure costs. The uplift has been performed on a gross basis in accordance with note 2(j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair value. The following table details the indice to be applied to Non Current Assets as determined by the Department of Lands:

Year	Land	Buildings
07/08	-7%	+12.4%
08/09	-	-

- (iv) The value of Work in Progress \$152.380 million at 30 June 2009 is represented by \$144.453 million for Building and \$7.927 million for Plant and Equipment (for 2007/08 year, the corresponding Work in Progress value of \$63.894 million is represented by \$60.337 for Building and \$3.557 million for Plant and Equipment).

Sydney South West Area Health Service
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23. Current/Non Current Assets - Other

Parent			Consolidated	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		Non Current		
474	416	Emerging Rights to Assets (refer Note 2(aa))	474	416
474	416		474	416

Private sector infrastructure arrangement

		Year	Term of	Carrying Value		
		Commenced	Arrangement	2009	2008	
				\$000	\$000	
474	416	Bowral Private Medical Imaging	1996	15 years	474	416
474	416			474	416	

24. Non Current Assets held for sale

		Assets held for sale		
1,765	14,356	Land and Buildings	1,765	14,356
1,765	14,356		1,765	14,356

The following assets are held for sale:

*	157 - 159 Livingstone Rd, Marrickville	0	1,444
*	134 - 150 Pitt St Redfern	0	11,147
*	149 - 155 Pitt St Redfern	1,765	1,765

Total 1,765 14,356

Amounts recognised in equity relating to assets held for sale

373	5,520	Property, plant and equipment asset revaluation increments	373	5,520
373	5,520		373	5,520

25 Restricted Assets

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

		Category		
59,054	55,911	Specific Purposes	68,201	64,964
		Perpetually Invested Funds		
57,636	48,969	Research Grants	69,596	58,881
65,629	54,922	Private Practice Funds	65,629	54,922
		Other		
1,367	1,629	- Clinical Services	1,367	1,629
1,326	1,565	- Community Services	1,325	1,565
1,225	1,119	- Nursing Services	1,225	1,119
1,042	3,910	- Miscellaneous	1,042	3,910
187,279	168,025		208,385	186,990

Sydney South West Area Health Service
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Parent			Consolidated	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
26. Payables				
Current				
0	0	Accrued Salaries and Wages	44,594	39,097
10,436	13,893	Taxation and Payroll Deductions	10,436	13,893
44,470	39,004	Accrued Liability - Purchase of Personnel Services	0	0
41,207	50,495	Creditors	41,207	50,495
4,665	5,057	GST Creditors	4,964	5,254
9,629	13,406	Sundry Creditors	9,991	13,651
5,415	9,425	Leave Mobility & Intra Health Liability	5,415	9,430
13,755	17,171	Accrual Visiting Medical Officer	13,755	17,171
5,719	10,146	Other Creditors - Capital Works	5,719	10,146
135,296	158,597		136,081	159,137

26a. Payables	Parent	Division	Other Controlled Entities	Consolidated
Accrued Salaries and Wages	0	44,470	124	44,594
Accrued Liability - Purchase of Personnel Services	44,470	(44,470)	0	0
	44,470	0	124	44,594

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

Parent			Consolidated	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
27. Borrowings				
Current				
203	3,907	Loan from NSW Health	203	3,907
203	3,907		203	3,907
Non Current				
454	374	Loan from NSW Health	454	374
0	0	Other Loans and Deposits	2,000	0
454	374		2,454	374

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

Parent			Consolidated	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
Repayment of Borrowings				
203	3,907	Not later than one year	203	3,907
454	374	Between one and five years	2,454	374
657	4,281	Total Borrowings at face value (excluding Finance Leases)	2,657	4,281

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

Sydney South West Area Health Service
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28. Provisions

Parent			Consolidated	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		Current Employee benefits and related on-costs		
0	0	Annual Leave - Short Term Benefit	139,976	125,641
0	0	Annual Leave - Long Term Benefit	105,868	90,139
0	0	Long Service Leave - Short Term Benefit	24,289	21,221
0	0	Long Service Leave - Long Term Benefit	214,483	195,187
484,054	431,787	Provision for Personnel Services Liability	0	0
484,054	431,787	Total Current Provisions	484,616	432,188
		Amount expected to be settled no more than 12 months after the reporting period	164,265	146,862
		Amount expected to be settled more than 12 months after the reporting period	320,351	285,326
			484,616	432,188
		Non Current Employee benefits and related on-costs		
0	0	Long Service Leave - Conditional	30,561	28,147
30,518	28,104	Provision for Personnel Services Liability	0	0
30,518	28,104	Total Non Current Provisions	30,561	28,147
		Aggregate Employee Benefits and Related On-costs		
484,054	431,787	Provisions - current	484,616	432,188
30,518	28,104	Provisions - non-current	30,561	28,147
0	0	Accrued Salaries and Wages and on costs (Note 26)	44,594	39,097
44,470	39,004	Accrued Liability - Purchase of Personnel Services (Note 26)	0	0
10,436	13,893	Taxation and Payroll Deductions	10,436	13,893
569,478	512,788		570,207	513,325

28a. Provisions

	2009 \$000			
	Parent	Division	Other Controlled Entities	Consolidated
Current Employee benefits and related on-costs				
Employee Annual Leave - Short Term Benefit	0	139,580	396	139,976
Employee Annual Leave - Long Term Benefit	0	105,868	0	105,868
Employee Long Service Leave - Short Term Benefit	0	24,263	26	24,289
Employee Long Service Leave - Long Term Benefit	0	214,343	140	214,483
Provision for Personnel Services Liability	484,054	0	0	0
Total Current Provisions	484,054	484,054	562	484,616
Non Current Employee benefits and related on-costs				
Employee Long Service Leave - Conditional	0	30,518	43	30,561
Provision for Personnel Services Liability	30,518	0	0	0
Total Non Current Provisions	30,518	30,518	43	30,561

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29 Equity

	Accumulated Funds		Asset Revaluation Reserve		Available for sale reserves		Total Equity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Parent								
Balance at the beginning of the financial year	1,234,034	1,296,126	40,385	40,758	5,520	300	1,279,939	1,337,184
Total	<u>1,234,034</u>	<u>1,296,126</u>	<u>40,385</u>	<u>40,758</u>	<u>5,520</u>	<u>300</u>	<u>1,279,939</u>	<u>1,337,184</u>
Changes in equity - other than transactions with owners as owners								
Result for the Year	17,965	(61,629)	0	0	0	0	17,965	(61,629)
Increment/(Decrement) on Revaluation of:								
Land and Buildings	0	0	91,165	4,847	0	0	91,165	4,847
Emerging rights to assets	0	(463)	0	0	0	0	0	(463)
Total	<u>17,965</u>	<u>(62,092)</u>	<u>91,165</u>	<u>4,847</u>	<u>0</u>	<u>0</u>	<u>109,130</u>	<u>(57,245)</u>
Transfers within equity								
Asset revaluation reserve balances transferred to accumulated funds on disposal of asset	6,701	0	0	0	(6,701)	0	0	0
Amounts recognised in equity relating to assets held for sale	0	0	(1,554)	(5,220)	1,554	5,220	0	0
Total	<u>6,701</u>	<u>0</u>	<u>(1,554)</u>	<u>(5,220)</u>	<u>(5,147)</u>	<u>5,220</u>	<u>0</u>	<u>0</u>
Balance at the end of the financial Year	<u>1,258,700</u>	<u>1,234,034</u>	<u>129,996</u>	<u>40,385</u>	<u>373</u>	<u>5,520</u>	<u>1,389,069</u>	<u>1,279,939</u>
Consolidated								
Balance at the beginning of the financial year	1,252,621	1,314,272	40,747	41,054	5,520	300	1,298,888	1,355,626
Total	<u>1,252,621</u>	<u>1,314,272</u>	<u>40,747</u>	<u>41,054</u>	<u>5,520</u>	<u>300</u>	<u>1,298,888</u>	<u>1,355,626</u>
Changes in equity - other than transactions with owners as owners								
Result for the Year	23,464	(61,188)	0	0	0	0	23,464	(61,188)
Increment/(Decrement) on Revaluation of:								
Land and Buildings	0	0	91,689	4,913	0	0	91,689	4,913
Emerging rights to assets	0	(463)	0	0	0	0	0	(463)
Total	<u>23,464</u>	<u>(61,651)</u>	<u>91,689</u>	<u>4,913</u>	<u>0</u>	<u>0</u>	<u>115,153</u>	<u>(56,738)</u>
Transfers within equity								
Asset revaluation reserve balances transferred to accumulated funds on disposal of asset	6,701	0	0	0	(6,701)	0	0	0
Amounts recognised in equity relating to assets held for sale	0	0	(1,554)	(5,220)	1,554	5,220	0	0
Total	<u>6,701</u>	<u>0</u>	<u>(1,554)</u>	<u>(5,220)</u>	<u>(5,147)</u>	<u>5,220</u>	<u>0</u>	<u>0</u>
Balance at the end of the financial year	<u>1,282,786</u>	<u>1,252,621</u>	<u>130,882</u>	<u>40,747</u>	<u>373</u>	<u>5,520</u>	<u>1,414,041</u>	<u>1,298,888</u>

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

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Parent			Consolidated	
2009 \$000	2008 \$000	30. Commitments for Expenditure	2009 \$000	2008 \$000
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
175,648	150,394	Not later than one year	175,648	150,394
165,776	265,892	Later than one year and not later than five years	165,776	265,892
<u>341,424</u>	<u>416,286</u>	Total Capital Expenditure Commitments (including GST)	<u>341,424</u>	<u>416,286</u>

Of the commitments reported at 30 June 2009 it is expected that \$13.74 million will be met from locally generated moneys.

The Capital commitments above include commitments to the value of \$296.028 million that are managed by the Health Infrastructure division of the Health Administration Corporation. Health Infrastructure are funded to manage all major capital projects greater than \$10 million on behalf of Health Services. The commitments have been included above as they relate to work in progress that has been recognised with the Health Service's property, plant and equipment.

		(b) Operating Lease Commitments		
		Commitments in relation to non cancellable operating leases are payable as follows:		
12,246	13,939	Not later than one year	12,246	13,939
37,584	39,004	Later than one year and not later than five years	37,584	39,004
7,504	7,815	Later than five years	7,504	7,815
<u>57,334</u>	<u>60,758</u>	Total Operating Lease Commitments (including GST)	<u>57,334</u>	<u>60,758</u>

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

(c) Contingent Asset related to Commitments for Expenditure

The total of "Commitments for Expenditure" above i.e. \$398.758 million as at 30 June 2009 includes input tax credits of \$36.251 million that are expected to be recoverable from the Australian Taxation Office.

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31. Trust Funds

SSWAHS holds trust fund moneys of \$22,442 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as SSWAHS cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

Parent and Consolidated	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash Balance at the beginning of the financial reporting period	144	111	5,014	4,750	15,713	12,073	20,871	16,934
Receipts	63	30	1,256	1,434	101,859	94,913	103,178	96,377
Expenditure	(80)	3	(872)	(1,170)	(100,655)	(91,273)	(101,607)	(92,440)
Cash Balance at the end of the financial reporting period	127	144	5,398	5,014	16,917	15,713	22,442	20,871

32. Contingent Liabilities

a) Claims on Managed Fund

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

b) Workers Compensation Hindsight Adjustment

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

c) Affiliated Health Organisations

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

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

d) Contingent Liability / Debtor

The lessee of certain property controlled by SSWAHS had made a claim against SSWAHS. The lessee was seeking compensation for unpaid rent and damages in respect of rescission of an agreement and lease for a proposed private hospital on the Royal Prince Alfred Hospital Campus. The private hospital was to be constructed and operated by the lessee. The supreme Court judgement in favour of SSWAHS was handed down in 2008/09. In relation to the proceedings, costs were awarded against the lessee in favour of SSWAHS. Appeal proceedings against the Supreme Court judgement has commenced by the lessee and it is expected that a period up to 12 months will expire before the matter is heard.

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Parent			Consolidated	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
33. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services				
57,533	62,490	Net Cash Flows from Operating Activities	60,797	63,366
(73,032)	(74,557)	Depreciation	(73,539)	(75,156)
(16)	(117)	Provision for Doubtful Debts	(16)	(117)
0	0	Acceptance by the Crown Entity of Employee Superannuation Benefits	(25,166)	(25,449)
(54,681)	(29,257)	(Increase)/ Decrease in Provisions	(54,842)	(29,177)
(691)	9,291	Increase / (Decrease) in Prepayments and Other Assets	2,305	9,434
22,527	(34,630)	(Increase)/ Decrease in Creditors	22,434	(34,689)
(324)	(579)	Net Gain/ (Loss) on Disposal of Property, Plant and Equipment	(324)	(579)
(1,915,968)	(1,783,296)	(NSW Health Department Recurrent Allocations)	(1,915,968)	(1,783,296)
(21,499)	(25,702)	(NSW Health Department Capital Allocations)	(21,499)	(25,702)
<u>(1,986,151)</u>	<u>(1,876,357)</u>	Net Cost of Services	<u>(2,005,818)</u>	<u>(1,901,365)</u>

34. 2008/09 Voluntary Services

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

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

35. Unclaimed Moneys

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

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

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

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36. Budget Review

The actual Net Cost of Services was \$20.5 million lower than the budget. Expenditure was \$3.1 million higher than budget target (mainly in the salaries and wages due to the treasury escalation of leave provisions). Revenue was \$26.0 million favourable. The revenue favourability was mainly from Sale of Goods & Services (\$16.5 million above target) and Grants & Contributions (\$11.9 million above target).

Result of the year was \$16.9 million (in surplus) above budget target. The favourability was mainly due to the favourable revenue result.

Total Non current assets was \$84.5 million above budget target. The favourability was mainly due to the increase \$90.2 million in the Land and Building net book value as a result of applying the Department of Land valuation indices as required by NSW Health.

Total Liabilities were \$25.1 million lower than budget target (\$18.4 million favourable in Current Liabilities and \$6.6 million favourable in Non Current Liabilities).

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation on 27 June 2008 are as follows:-

	\$000
Initial Allocation	1,835,958
General Liquidity	15,900
Mini Budget	13,477
Salaries Award	24,696
Family Planning	5,330
High Cost Drug	5,520
Nursing Strategy	3,449
National Drug Diversion Program 2	2,666
National Woman Health Program	1,740
Permanent Aids for Disable Person	1,115
Visiting Medical Officers Award	1,250
Forensic Medicine	521
Bone & Marrow	501
TMF Allocation	(4,009)
Miscellaneous	7,854
	7,854
Balance as per Operating Statement	1,915,968

Sydney South West Area Health Service
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37. Financial Instruments

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

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

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

a) **Financial Instrument Categories**

PARENT

		Total carrying amounts as per the Balance Sheet	
		2009	2008
		\$000	\$000
Financial Assets			
Class:	Category		
Cash and Cash Equivalents (note 18)	N/A	170,720	143,095
Receivables (note 19) ¹	Loan and receivables (at amortised cost)	36,026	41,751
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	33,575	35,428
Total Financial Assets		<u>240,321</u>	<u>220,274</u>
Financial Liabilities			
Borrowings (Note 27)	Financial liabilities	657	4,281
Payables (Note 26) ²	measured at amortised cost	130,631	153,540
Total Financial Liabilities		<u>131,288</u>	<u>157,821</u>

Notes

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

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

CONSOLIDATION

		Total carrying amounts as per the Balance Sheet	
		2009	2008
		\$000	\$000
Financial Assets			
Class:	Category		
Cash and Cash Equivalents (note 18)	N/A	184,284	148,974
Receivables (note 19) ¹	Loan and receivables (at amortised cost)	37,038	42,272
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	37,880	42,954
Total Financial Assets		<u>259,202</u>	<u>234,200</u>
Financial Liabilities			
Borrowings (Note 27)	Financial liabilities	2,657	4,281
Payables (Note 26) ²	measured at <i>amortised cost</i>	131,117	153,883
Total Financial Liabilities		<u>133,774</u>	<u>158,164</u>

Notes

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

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

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b) Credit Risk

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

Credit risk arises from financial assets of SSWAHS i.e receivables. No collateral is held by SSWAHS nor has it granted any financial guarantees.

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

Cash

Cash comprises cash on hand and bank balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.45% to 4.57% in 2008/09 compared to 5.20% to 6.93% in the previous year. The TCorp Hour Glass cash facility is discussed in para (d) below.

Receivables - trade debtors

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

SSWAHS is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: \$24.756 M; 2008: \$21.460 M) are not considered impaired and these represent 45.40% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled with 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the SSWAHS's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. Debtors which are currently not past due or impaired have not had their terms renegotiated.

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

	\$000		
	Total	Past due but not impaired	Considered impaired
2009			
<3 months overdue	6,517	5,742	775
3 months - 6 months overdue	3,579	1,829	1750
> 6 months overdue	19,675	12,722	6,953
2008			
<3 months overdue	13,734	13,168	566
3 months - 6 months overdue	9,875	9,294	581
> 6 months overdue	14,052	5,739	8,313

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

Authority Deposits

SSWAHS has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits vary. The deposits at balance date were earning an average interest rate of 5.21% (2008 - 7.54%), while over the year the weighted average interest rate was 5.07% (2008 6.62%) on a weighted average balance during the year of \$118.470M (2008 \$110.573M). None of these assets are past due or impaired.

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c) **Liquidity risk**

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

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

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

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

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

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

Maturity Analysis and interest rate exposure of financial liabilities

	\$'000					Maturity Dates			Weighted Average Effective int rate
	Interest Rate Exposure					< 1 Yr	1-5 Yr	> 5Yr	
	Fixed Interest Rate	Variable Interest Rate	Nominal Amount	Variable Interest	Non - Interest Bearing				
2009	%	%	\$000	\$000	\$000	\$000	\$000	\$000	%
Payables:									
Accrued salaries	-	-	-	-	44,594	44,594	-	-	-
Wages and payroll deductions	-	-	-	-	10,436	10,436	-	-	-
Creditors	-	-	-	-	56,916	56,916	-	-	-
Borrowings:									
GST Creditors	-	-	-	-	2,813	203	2,610	-	-
Intra Health	-	-	-	-	4,964	4,964	-	-	-
Accrued VMO	-	-	-	-	5,415	5,415	-	-	-
	-	-	-	-	13,755	13,755	-	-	-
	-	-	-	-	138,893	136,283	2,610	-	-
2008									
Payables:									
Accrued salaries	-	-	-	-	39,097	39,097	-	-	-
Wages and payroll deductions	-	-	-	-	13,893	13,893	-	-	-
Creditors	-	-	-	-	74,292	74,292	-	-	-
Borrowings:									
GST Creditors	-	-	-	-	4,517	3,703	814	-	-
Intra Health	-	-	-	-	5,254	5,254	-	-	-
Accrued VMO	-	-	-	-	9,430	9,430	-	-	-
	-	-	-	-	17,171	17,171	-	-	-
	-	-	-	-	163,654	162,840	814	-	-

Notes:

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

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d) **Market risk**

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

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

Interest rate risk

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

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

\$'000					
		-1%		+1%	
Carrying Amount		Profit	Equity	Profit	Equity
2009					
Financial assets					
Cash and cash equivalents	184,284	(1,843)	(1,843)	1,843	1,843
Financial assets at fair value	37,880	(379)	(379)	379	379
2008					
Financial assets					
Cash and cash equivalents	148,974	(1,490)	(1,490)	1,490	1,490
Financial assets at fair value	42,954	(430)	(430)	430	430

Other price risk - TCorp Hour Glass facilities

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Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. SSWAHS has no direct equity investments. SSWAHS holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment horizon	2009	2008
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 up to 2 years)	121,154	115,002
Strategic Cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	5,395	5,099
Medium term growth facility	Cash, money market instruments Australian and international bonds, listed property, Australian and International shares	3 years to 7 years (pre-June 2008 4 years to 7 years)	15,044	12,635
Long term growth facility	Cash, money market instruments Australian and international bonds, listed property, Australian and International shares	7 years and over	19,548	21,798

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

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

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

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

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

	Change in unit price	Impact on profit/loss	
		2009 \$'000	2008 \$'000
Hour Glass Investment - Cash facility	1%	1,212	1,150
Hour Glass Investment - Strategic cash facility	2%	108	102
Hour Glass Investment - Medium term growth facility	7%	1,053	948
Hour glass Investment - Long term growth facility	15%	2,932	3,270

e) Fair Value

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

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

38. Events after the balance sheet date

Startts has been incorporated as a not for profit company, limited by guarantee and has been included in the Third Schedule and the Health Services Act as an AHO from 1 July, 2009.

End of Audited Financial Statements