Hunter and New England Area Health Service

AUDIT OPINION

The audit of the Service's financial report for the six-month period ended 30 June 2005 resulted in an unqualified Independent Audit Report.

HEALTH RESTRUCTURE

On 27 July 2004 the then Minister for Health announced changes to the health system, including a statewide restructure of health administration. The restructure took effect on 1 January 2005.

The Hunter Area Health Service merged with the New England Area Health Service to create the new Hunter New England Area Health Service. The new Service also assumed responsibility for health services in the local government areas of Greater Taree, Great Lakes and Gloucester.

PERFORMANCE ISSUES

(Comparative performance data on all Area Health Services appears in the 'Health Overview' section earlier in this Volume.)

The average length of stay in acute hospitals in the Hunter and New England Area was 3.5 days, equal to the State average.

The Area's bed occupancy rate was 86.4 per cent. This is lower than the State average and comparable to the former Hunter Area Health Service.

The Service met or exceeded the Department's benchmarks for timeliness in treating emergency patients in three of the five triage categories.

The Service's access block was 16 per cent. This was amongst the lowest of all Health Services.

CONTROL ISSUES

We identified minor opportunities for the Service to improve internal controls and we referred them to management.

OTHER ISSUE

Newcastle Mater Hospital Redevelopment

On 27 July 2005 the NSW government announced its intention to redevelop the Mater Hospital site under a public private partnership with Novacare, subject to completion of contractual negotiations.

The new health facilities at the site will comprise:

- redevelopment of the Newcastle Mater Hospital
- provision of a new 96 bed acute mental health facility and
- expanded radiotherapy services for people with cancer.

FINANCIAL INFORMATION

The financial information presented below relates to the six-month period following the Health restructure. For that reason there is no comparative information.

Abridged Operating Statement

Period ended 30 June	2005 $'000
Employee related	373,047
Visiting medical officers	26,687
Other expenses	226,968
TOTAL EXPENSES	626,702
TOTAL REVENUE	95,593
Gain on disposal of non-current assets	67
NET COST OF SERVICES	531,042
Add Government Contributions	
Department of Health recurrent payments	472,834
Department of Health capital payments	34,292
Acceptance by the Crown Entity of superannuation liability	30,393
Total Government Contributions	537,519
RESULT FOR THE PERIOD FROM ORDINARY ACTIVITIES	6,477

Abridged Balance Sheet

At 30 June	2005 $'000
Current assets	114,327
Non-current assets	937,983
TOTAL ASSETS	1,052,310
Current liabilities	129,647
Non-current liabilities	150,803
TOTAL LIABILITIES	280,450
NET ASSETS	771,860

The recent asset revaluation resulted in $650 million being added to the Asset Revaluation Reserve, bringing equity at 30 June 2005 to $772 million.

Abridged Program Information

The table below details the Service's net cost of services by program:

Period ended 30 June	2005		
	Revenues $'000	Expenses $'000	Net Cost of Services* $'000
Overnight acute inpatient services	48,886	252,632	***203,719***
Mental health services	3,510	63,168	***59,645***
Rehabilitation and extended care services	15,127	71,128	***56,016***
Outpatient services	5,562	60,512	***54,931***
Primary and community based services	3,847	48,990	***45,133***
Other	18,661	130,272	***111,598***
	95,593	626,702	***531,042***

***** Includes gains and losses on disposal of non-current assets

SERVICE ACTIVITIES

For further information on the Service, refer to www.hneahs.nsw.gov.au.