South Eastern Sydney and Illawarra Area Health Service

AUDIT OPINION

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

HEALTH RESTRUCTURE

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

As part of this restructure, the South Eastern Sydney and Illawarra Health Service was created by merging South Eastern Sydney Area Health Service with Illawarra Area Health Service.

The new Service extends from Sydney Harbour in the north to Ulladulla in the south and covers 13 Local Government Areas comprising Botany, Hurstville, Kiama, Kogarah, Randwick, Rockdale, Shellharbour, Shoalhaven, Sutherland, Waverley, Wollongong, Woollahra and part of the City of Sydney. Lord Howe Island is also under the administration of the Service.

The Service has approximately 15,500 staff to serve an estimated population of 1.16 million.

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 South Eastern and Illawarra Area was 3.5 days and equal to the State average.

At 98.0 per cent the Service bed occupancy rate was the highest in the State and comparable to the rates of the former Services for the prior period.

The Service met or exceeded the Department's benchmarks for timeliness in treating emergency patients in only two of the five-triage categories. This was consistent with the performance of the former Areas.

The Service's access block was 36 per cent. This was the second highest of all Services.

CONTROL ISSUES

We identified some minor opportunities to improve the Service's internal controls and practices. These issues have been discussed with Service staff and will be referred to management.

COMPLIANCE ISSUES

We examined whether the Service was complying with the relevant Premier's Department Circulars and Department of Commerce Contract 6036 in relation to Salary Packaging for Non SES Employees.

We found that the Service complied with Department of Health guidelines, which vary from Premier's Department guidelines. Premier's Department has endorsed all Area Health Services to implement the Department of Health guidelines.

OTHER ISSUES

Australian Equivalents to International Financial Reporting Standards (AEIFRS)

The Service's initial Financial Report was prepared under AEIFRS. The Asset Revaluation Reserve reduced by $45.1 million under the new Standards.

FINANCIAL INFORMATION

Abridged Operating Statement

Period ended 30 June	2005 $'000
EXPENSES	
Employee related	*539,214*
Visiting medical officers	*25,810*
Other expenses	*329,353*
TOTAL EXPENSES	*894,377*
TOTAL REVENUE	*176,684*
Gain on disposal of non-current assets	*(498)*
NET COST OF SERVICES	*718,191*
Add Government Contributions	
Department of Health recurrent payments	*627,349*
Department of Health capital payments	*6,143*
Asset sale proceeds transferred to NSW Health Department	*(2,190)*
Acceptance by the Crown Entity of superannuation liability	*42,113*
Total Government Contributions	*673,415*
RESULT FOR THE PERIOD FROM ORDINARY ACTIVITIES	*(44,776)*

Abridged Balance Sheet

At 30 June	2005 $'000
Current assets	*164,115*
Non-current assets	*1,546,478*
TOTAL ASSETS	*1,710,593*
Current liabilities	*234,934*
Non-current liabilities	*218,216*
TOTAL LIABILITIES	*453,150*
NET ASSETS	*1,257,443*

The Service revalued its land and buildings on 1 April 2005 resulting in a $271.4 million increase in the value of non-current assets.

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	112,412	404,109	***291,984***
Outpatient services	7,107	114,997	***107,925***
Rehabilitation and extended care services	16,650	82,362	***65,759***
Emergency services	8,915	70,084	***61,184***
Teaching and research	12,041	58,260	***46,264***
Other	19,559	164,565	***145,075***
Total all programs	176,684	894,377	***718,191***

*Includes gain on disposal of non-current assets.

SERVICE ACTIVITIES

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