



INDEPENDENT AUDITOR'S REPORT

Health Administration Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Administration Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(ab). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Corporation. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Corporation's financial statements present adjusted budget information.

Secretary's Responsibility for the Financial Statements

The Secretary of the Ministry of Health is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe 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 Corporation or the consolidated entity
- that they carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 roles by the possibility of losing clients or income.



Chris Clayton
Director, Financial Audit Services

29 September 2015
SYDNEY

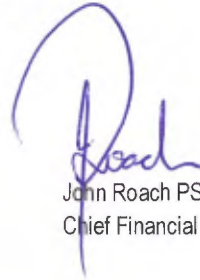
**Health Administration Corporation
Certification of the Financial Statements
for the year ended 30 June 2015**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Health Administration Corporation for the year ended 30 June 2015 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2015* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Administration Corporation; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Mary Foley
Secretary
28 September 2015



John Roach PSM
Chief Financial Officer

Health Administration Corporation
Statement of Comprehensive Income for the year ended 30 June 2015

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual	
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000	
			Expenses excluding losses				
			Operating Expenses				
-----	-----	-----					
			Employee Related	3	1,445,941	1,438,064	1,343,767
1,358,410	1,351,374	1,266,219	Personnel Services	4	-----	-----	-----
1,075,886	1,048,400	1,017,017	Other Operating Expenses	5	1,075,886	1,048,400	1,017,017
84,375	85,109	75,775	Depreciation and Amortisation	2(h), 6	84,375	85,109	75,775
27,402	19,297	25,326	Grants and Subsidies	7	27,402	19,297	25,326
44	40	71	Finance Costs	8	44	40	71
2,546,117	2,504,220	2,384,408	Total Expenses excluding losses		2,633,648	2,590,910	2,461,956
			Revenue				
749,164	748,964	660,069	NSW Ministry of Health Recurrent Allocations	2(d)	749,164	748,964	660,069
143,239	152,055	170,725	NSW Ministry of Health Capital Allocations	2(d)	143,239	152,055	170,725
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	87,531	86,690	77,548
1,702,230	1,682,439	1,640,210	Sale of Goods and Services	9	1,702,230	1,682,439	1,640,210
10,468	7,453	12,550	Investment Revenue	10	10,468	7,453	12,550
9,365	6,026	9,742	Grants and Contributions	11	9,365	6,026	9,742
29,075	25,688	11,158	Other Revenue	13	29,075	25,688	11,158
2,643,541	2,622,625	2,504,454	Total Revenue		2,731,072	2,709,315	2,582,002
(5,424)	(1,024)	(3,219)	Gain / (Loss) on Disposal	14	(5,424)	(1,024)	(3,219)
(30,087)	(28,826)	(58,214)	Other Gains / (Losses)	15	(30,087)	(28,826)	(58,214)
61,913	88,555	58,613	Net Result	34	61,913	88,555	58,613
			Other Comprehensive Income				
			Items that will not be reclassified to net result				
			Net Increase/(Decrease) in Property, Plant &				
44,189	-----	6,868	Equipment Revaluation Surplus	22	44,189	-----	6,868
44,189	-----	6,868	Total Other Comprehensive Income		44,189	-----	6,868
106,102	88,555	65,481	TOTAL COMPREHENSIVE INCOME		106,102	88,555	65,481

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Financial Position as at 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000	Notes	2015 \$000	2015 \$000	2014 \$000
ASSETS						
Current Assets						
351,108	386,128	384,027	18	351,108	386,128	384,027
223,022	269,410	278,942	19	223,022	269,410	278,942
32,290	34,460	34,460	20	32,290	34,460	34,460
217	193	562	21	217	193	562
<u>606,637</u>	<u>690,191</u>	<u>697,991</u>		<u>606,637</u>	<u>690,191</u>	<u>697,991</u>
836	2,023	2,023	24	836	2,023	2,023
607,473	692,214	700,014		607,473	692,214	700,014
Non-Current Assets						
1,034	734	734	19	1,034	734	734
----	217	217	21	----	217	217
346,386	312,089	299,952	22	346,386	312,089	299,952
196,087	183,080	167,796	22	196,087	183,080	167,796
170	4,367	206	22	170	4,367	206
10,651	11,467	11,488	22	10,651	11,467	11,488
<u>553,294</u>	<u>511,003</u>	<u>479,442</u>		<u>553,294</u>	<u>511,003</u>	<u>479,442</u>
508,799	505,814	448,503	23	508,799	505,814	448,503
1,063,127	1,017,768	928,896		1,063,127	1,017,768	928,896
1,670,600	1,709,982	1,628,910		1,670,600	1,709,982	1,628,910
LIABILITIES						
Current Liabilities						
312,498	351,691	370,716	27	312,498	351,691	370,716
48	46	8,546	28	48	46	8,546
223,547	222,856	215,689	29	223,547	222,856	215,689
872	18,437	8,051	30	872	18,437	8,051
<u>536,965</u>	<u>593,030</u>	<u>603,002</u>		<u>536,965</u>	<u>593,030</u>	<u>603,002</u>
Non-Current Liabilities						
183	230	8,196	28	183	230	8,196
17,726	18,497	8,042	29	17,726	18,497	8,042
119	165	165	30	119	165	165
<u>18,028</u>	<u>18,892</u>	<u>16,403</u>		<u>18,028</u>	<u>18,892</u>	<u>16,403</u>
554,993	611,922	619,405		554,993	611,922	619,405
1,115,607	1,098,060	1,009,505		1,115,607	1,098,060	1,009,505
EQUITY						
179,003	136,623	136,525		179,003	136,623	136,525
936,604	961,437	872,980		936,604	961,437	872,980
<u>1,115,607</u>	<u>1,098,060</u>	<u>1,009,505</u>		<u>1,115,607</u>	<u>1,098,060</u>	<u>1,009,505</u>

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Changes in Equity for the year ended 30 June 2015

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2014		872,980	136,525	1,009,505
Net Result for the year		61,913		61,913
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	22	----	44,189	44,189
Transfers on Disposal		1,711	(1,711)	----
Total Other Comprehensive Income		1,711	42,478	44,189
Total Comprehensive Income for the year		63,624	42,478	106,102
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	37	----	----	----
Balance at 30 June 2015		936,604	179,003	1,115,607
Balance at 30 June 2013		808,327	129,657	937,984
Net Result for the year		58,613		58,613
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	22	----	6,868	6,868
Total Other Comprehensive Income		----	6,868	6,868
Total Comprehensive Income for the year		58,613	6,868	65,481
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	37	6,040	----	6,040
Balance at 30 June 2014		872,980	136,525	1,009,505

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Cash Flows for the year ended 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000	Notes	2015 \$000	2015 \$000	2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---		(1,368,033)	(1,377,354)	(1,279,024)
(30,228)	(22,123)	(25,326)		(30,228)	(22,123)	(25,326)
(10)	(34)	(71)		(10)	(34)	(71)
(2,679,461)	(2,610,629)	(2,424,816)		(1,311,428)	(1,233,275)	(1,145,792)
(2,709,699)	(2,632,786)	(2,450,213)		(2,709,699)	(2,632,786)	(2,450,213)
Receipts						
749,164	748,964	660,069		749,164	748,964	660,069
143,239	152,055	170,725		143,239	152,055	170,725
25,068	25,068	24,064		25,068	25,068	24,064
1,875,847	1,914,033	1,545,360		1,875,847	1,914,033	1,545,360
10,449	7,422	12,550		10,449	7,422	12,550
9,831	6,428	9,742		9,831	6,428	9,742
57,500	(28,126)	253,327		57,500	(28,126)	253,327
2,871,098	2,825,844	2,675,837		2,871,098	2,825,844	2,675,837
161,399	193,058	225,624	34	161,399	193,058	225,624
CASH FLOWS FROM INVESTING ACTIVITIES						
3,326	1,402	3,303		3,326	1,402	3,303
---	---	5,603		---	---	5,603
(181,661)	(176,256)	(171,770)		(181,661)	(176,256)	(171,770)
562	368	(945)		562	368	(945)
(177,773)	(174,486)	(163,809)		(177,773)	(174,486)	(163,809)
CASH FLOWS FROM FINANCING ACTIVITIES						
---	---	16,422		---	---	16,422
(16,545)	(16,471)	---		(16,545)	(16,471)	---
(16,545)	(16,471)	16,422		(16,545)	(16,471)	16,422
NET INCREASE / (DECREASE) IN CASH						
(32,919)	2,101	78,237		(32,919)	2,101	78,237
384,027	384,027	301,976		384,027	384,027	301,976
---	---	3,814	37	---	---	3,814
351,108	386,128	384,027	18	351,108	386,128	384,027

The accompanying notes form part of these financial statements.

Health Administration Corporation
Service Group Statements
for the year ended 30 June 2015

CORPORATION EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	\$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	6,412	8,463	552	1,330	124,423	82,542	642,702	634,605	448,888	419,651	59,654	53,789	91,783	68,601	48,724	44,865	22,803	29,921	-----	-----	1,445,941	1,343,767	
Other Operating Expenses	26,419	19,405	1,942	2,793	111,934	86,233	269,760	282,751	356,694	393,175	65,417	54,388	190,674	122,213	26,918	31,795	26,128	24,264	-----	-----	1,075,886	1,017,017	
Depreciation and Amortisation	842	1,710	67	181	11,495	7,209	25,536	25,333	32,314	27,972	3,723	4,869	5,473	4,886	3,744	1,791	1,181	1,824	-----	-----	84,375	75,775	
Grants and Subsidies	15,363	941	475	99	514	3,259	1,772	5,176	654	10,417	1,878	1,812	2,765	1,771	1,390	989	2,591	862	-----	-----	27,402	25,326	
Finance Costs	-----	2	1	1	3	8	33	21	1	27	6	4	-----	4	-----	2	-----	2	-----	-----	44	71	
Total Expenses excluding losses	49,036	30,521	3,037	4,404	248,369	179,251	939,803	947,886	838,551	851,242	130,678	114,862	290,695	197,475	80,776	79,442	52,703	56,873	-----	-----	2,633,648	2,461,956	
Revenue																							
NSW Ministry of Health Recurrent Allocations **																				749,164	660,069	749,164	660,069
NSW Ministry of Health Capital Allocations **																				143,239	170,725	143,239	170,725
Acceptance by the Crown Entity																							
of Employee Benefits and Other Liabilities	543	624	40	125	9,163	5,861	38,179	34,789	26,046	24,373	3,258	2,828	5,115	3,388	2,961	3,582	2,226	1,978	-----	-----	87,531	77,548	
Sale of Goods and Services	35,965	21,809	1,957	2,181	206,786	144,340	334,419	415,254	736,208	728,882	111,493	95,899	208,249	137,650	32,690	57,928	34,463	36,267	-----	-----	1,702,230	1,640,210	
Investment Revenue	179	231	26	45	556	1,518	3,166	4,064	1,954	4,436	425	564	585	537	142	759	3,435	396	-----	-----	10,468	12,550	
Grants and Contributions	161	302	8	31	972	1,265	1,493	1,971	2,614	4,042	287	617	460	605	825	419	2,545	490	-----	-----	9,365	9,742	
Other Revenue	68	61	21	17	491	536	22,833	7,486	1,050	1,518	211	196	3,781	874	125	258	495	212	-----	-----	29,075	11,158	
Total Revenue	36,916	23,027	2,052	2,399	217,968	153,520	400,090	463,564	767,872	763,251	115,674	100,104	218,190	143,054	36,743	62,946	43,164	39,343	892,403	830,794	2,731,072	2,582,002	
Gain / (Loss) on Disposal	(55)	(12)	(6)	(2)	(955)	(142)	(838)	(2,455)	(2,453)	(433)	(269)	(45)	(407)	(46)	(274)	(67)	(167)	(17)	-----	-----	(5,424)	(3,219)	
Other Gains / (Losses)	(55)	1	(1)	0	(7,091)	2	(6,221)	(58,228)	(11,717)	6	(419)	2	(632)	2	(2,507)	0	(1,444)	1	-----	-----	(30,087)	(58,214)	
Net Result	(12,230)	(7,505)	(992)	(2,007)	(38,447)	(25,871)	(546,772)	(545,005)	(84,849)	(88,418)	(15,692)	(14,801)	(73,544)	(54,465)	(46,814)	(16,563)	(11,150)	(17,546)	892,403	830,794	61,913	58,613	
Other Comprehensive Income																							
Increase/(Decrease) in Revaluation Surplus	92	204	5	21	208	975	143	1,175	828	3,040	194	418	316	418	42,366	358	37	259	-----	-----	44,189	6,868	
Total Other Comprehensive Income	92	204	5	21	208	975	143	1,175	828	3,040	194	418	316	418	42,366	358	37	259	0	0	44,189	6,868	
Total Comprehensive Income	(12,138)	(7,301)	(987)	(1,986)	(38,239)	(24,896)	(546,629)	(543,830)	(84,021)	(85,378)	(15,498)	(14,383)	(73,228)	(54,047)	(4,448)	(16,205)	(11,113)	(17,287)	892,403	830,794	106,102	65,481	

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

** Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.

Health Administration Corporation
Service Group Statements (Continued)
for the year ended 30 June 2015

CORPORATION ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$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	6,537	7,757	405	1,725	33,112	45,827	125,292	117,448	111,792	138,865	17,421	19,161	38,754	18,282	10,769	22,882	7,026	12,080	----	----	351,108	384,027
Receivables	4,712	11,313	256	3,281	27,093	33,295	43,815	59,619	96,456	96,419	14,608	31,824	27,284	23,775	4,283	14,220	4,515	5,196	----	----	223,022	278,942
Inventories	793	755	58	76	3,359	4,705	8,097	6,077	10,705	14,517	1,963	1,664	5,723	3,448	808	1,967	784	1,251	----	----	32,290	34,460
Financial Assets at Fair Value	4	----	----	----	20	----	78	----	69	407	11	74	24	81	7	----	4	----	----	----	217	562
Non-Current Assets Held for Sale	8	----	1	----	114	----	253	1,997	320	----	37	----	54	----	37	----	12	26	----	----	836	2,023
Total Current Assets	12,054	19,825	720	5,082	63,698	83,827	177,535	185,141	219,342	250,208	34,040	52,723	71,839	45,586	15,904	39,069	12,341	18,553	----	----	607,473	700,014
Non-Current Assets																						
Receivables	22	----	1	----	126	11	203	473	447	179	68	32	126	39	20	----	21	----	----	----	1,034	734
Financial Assets at Fair Value	----	----	----	----	----	----	----	----	----	158	----	28	----	31	----	----	----	----	----	----	----	217
Property, Plant and Equipment																						
- Land and Buildings	3,458	331	273	25	47,190	7,810	104,832	243,072	132,660	32,815	15,285	4,101	22,470	4,677	15,369	2,739	4,849	4,382	----	----	346,386	299,952
- Plant and Equipment	1,958	1,821	155	190	26,714	14,973	59,344	55,210	75,098	66,848	8,653	10,033	12,720	10,925	8,700	4,475	2,745	3,321	----	----	196,087	167,796
- Infrastructure Systems	2	4	----	----	23	23	51	27	65	106	8	19	11	20	8	4	2	3	----	----	170	206
- Leasehold Improvements	106	282	8	30	1,451	918	3,224	946	4,079	5,042	470	921	691	2,873	473	237	149	239	----	----	10,651	11,488
Intangible Assets	5,080	20,969	401	2,226	69,317	61,064	153,983	59,268	194,862	198,432	22,452	39,271	33,006	37,178	22,575	13,996	7,123	16,099	----	----	508,799	448,503
Total Non-Current Assets	10,626	23,407	838	2,471	144,821	84,799	321,637	358,996	407,211	303,580	46,936	54,405	69,024	55,743	47,145	21,451	14,889	24,044	----	----	1,063,127	928,896
TOTAL ASSETS	22,680	43,232	1,558	7,553	208,519	168,626	499,172	544,137	626,553	553,788	80,976	107,128	140,863	101,329	63,049	60,520	27,230	42,597	----	----	1,670,600	1,628,910
LIABILITIES																						
Current Liabilities																						
Payables	7,674	14,485	564	4,148	32,512	45,687	78,353	85,144	103,604	129,518	19,001	36,968	55,383	29,344	7,818	16,577	7,589	8,845	----	----	312,498	370,716
Borrowings	1	9	----	----	5	----	18	8,401	15	----	2	3	5	----	1	----	1	133	----	----	48	8,546
Provisions	991	2,130	85	282	19,236	15,141	99,365	110,343	69,399	60,847	9,223	7,637	14,190	6,323	7,533	7,474	3,525	5,512	----	----	223,547	215,689
Other	16	531	1	163	82	1,395	312	1,189	278	2,345	43	1,179	96	628	27	426	17	195	----	----	872	8,051
Total Current Liabilities	8,682	17,155	650	4,593	51,835	62,223	178,048	205,077	173,296	192,710	28,269	45,787	69,674	36,295	15,379	24,477	11,132	14,685	----	----	536,965	603,002
Non-Current Liabilities																						
Borrowings	3	9	----	----	17	----	66	8,056	58	----	9	3	20	----	6	----	4	128	----	----	183	8,196
Provisions	79	115	7	11	1,525	394	7,879	5,537	5,503	1,252	731	215	1,125	202	597	121	280	195	----	----	17,726	8,042
Other	2	1	----	----	11	25	43	38	38	72	6	3	13	5	4	14	2	7	----	----	119	165
Total Non-Current Liabilities	84	125	7	11	1,553	419	7,988	13,631	5,599	1,324	746	221	1,158	207	607	135	286	330	----	----	18,028	16,403
TOTAL LIABILITIES	8,766	17,280	657	4,604	53,388	62,642	186,036	218,708	178,895	194,034	29,015	46,008	70,832	36,502	15,986	24,612	11,418	15,015	----	----	554,993	619,405
NET ASSETS	13,914	25,952	901	2,949	155,131	105,984	313,136	325,429	447,658	359,754	51,961	61,120	70,031	64,827	47,063	35,908	15,812	27,582	----	----	1,115,607	1,009,505

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

1. The Reporting Entity

The Health Administration Corporation (the Corporation) is established under Section 9 of the *Health Administration Act 1982*. Under Section 126 B of the *Health Services Act 1997*, the Secretary is responsible for providing shared statewide services. The Secretary has established administrative divisions under the Corporation to provide these services. The Corporation is comprised of the following divisions:

- * Public Health System Support (PHSS) was set up as a division of the Corporation on 17 March 2006. PHSS consists of three units:
 - the Health System Support Group which provides functions including the Activity Based Funding Taskforce, the Program Management Office, the Performance Support Office and the Health Protection Service, NSW.
 - HealthShare NSW (formerly known as Health Support Services prior to 1 August 2012) which provides financial, payroll, linen, food and other shared statewide services to the health sector.
 - eHealth NSW was created on 1 July 2014, formerly part of HealthShare NSW, is now a separate unit within PHSS which delivers high quality information and communication technology services to support NSW Health.
- * Health Infrastructure which is responsible for the delivery and management of major NSW Health capital works projects.
- * The NSW Ambulance which provides clinical care and health related transport services across the State.

- * NSW Health Pathology which provides public pathology, forensic and analytical services across NSW.

The Corporation, as a reporting entity, also encompasses the Special Purposes Trust Funds of these divisions, which while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the Corporation.

Within the four divisions special employment divisions have been established under section 116(4) of the Health Services Act, to provide personnel services. As a consequence the values in the annual financial statements presented herein consist of the Corporation (as the parent entity) and the consolidated financial statements of the economic entity. 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, and like transactions and other events are accounted for using uniform accounting policies.

The reporting entity is consolidated as part of the financial statements prepared for both the Ministry of Health and the NSW Total State Sector Accounts. The Corporation is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Secretary on 25 September 2015.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

2. Summary of Significant Accounting Policies

Basis of Preparation

The Corporation's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and the Treasurers' Directions. Apart from the basis for the Corporation's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ab).

The financial statements of the Corporation have been prepared on a going concern basis.

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

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

Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 15.3% to 21.2% are applied to the value of leave payable at 30 June 2015 (comparable on-costs for 30 June 2014 were 15.1% to 21.0%). The Corporation has assessed the actuarial advice based on the Corporation's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

ii) Long Service Leave and Superannuation

The Corporation's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

The Corporation 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'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Corporation as shown in Note 29.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. 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) Consequential On-Costs

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

iv) Other Provisions

Other provisions exist when the Corporation 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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents. The Corporation recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. The revenue is recognised on an accrual basis.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the Corporation's right to receive payment is established.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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 Ministry of Health. Charges consist of two components:

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

Use of Outside Facilities

The Corporation 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.

Where material, 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 recognised as revenues when the Corporation obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the Corporation as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the "Net Result" on the basis that the allocation is earned in return for the health services provided on behalf of the Ministry. Allocations are normally recognised upon the receipt of cash.

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

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

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

f) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 requirements of other Australian Accounting Standards.

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

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

g) Capitalisation Thresholds

Individual items of Property, Plant & Equipment and Intangibles are capitalised where their cost is \$10,000 or above.

h) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their useful lives.

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

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%

“Infrastructure Systems” means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. There were no changes to depreciation rates from 2013/14.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

i) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Investment property is separately discussed at Note 2(m).

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 22 and Note 25 for further information regarding fair value.

The Corporation revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. 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 an approximation of fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, 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 revaluation surplus, 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 net result, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the net result for the year, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

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 revaluation surplus in respect of that asset is transferred to accumulated funds.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

j) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

k) 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.

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

The Corporation 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 of disposal. These assets are not depreciated while they are classified as held for sale.

m) Investment Properties

Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116, Property, Plant and Equipment.

The Corporation does not have any property that meets the definition of Investment Property.

n) Intangible Assets

The Corporation recognises intangible assets only if it is probable that future economic benefits will flow to the Corporation and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by the Corporation are recognised as intangible assets and are amortised over five or ten years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

o) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

p) Leased Assets

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

q) Inventories

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. 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 Ministry of Health.

r) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Net Result 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 Corporation 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 Corporation 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 net result for the year.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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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 Corporation's key management personnel.

The risk management strategy of the Corporation has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act.

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

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 Corporation 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 net result for the year when impaired, derecognised or through the amortisation process.

- * Available-for-sale investments - Any investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale investments are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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 Corporation 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 net result for the year.

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

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

u) De-recognition of financial assets and financial liabilities

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

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

Where the Corporation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Corporation'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 Corporation 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 Corporation.

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 net result for the year on derecognition.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

x) Fair Value Hierarchy

A number of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- * Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- * Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 25 and Note 38 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity Transfers

The transfer of net assets between entities is as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

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

z) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

(ii) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as discussed in Note 2(i).

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

aa) Trust Funds

The Corporation receives monies in a trustee capacity for various trusts as set out in Note 32.

As the Corporation performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Corporation's own objectives, these funds are not recognised in the financial statements.

ab) Budgeted Amounts

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Corporation's budget within the consolidated accounts for Health are not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable to the Corporation. The budgeted amounts are drawn from the initial Service Agreements between the Corporation and the NSW Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

ac) Service Group Statements Allocation Methodology

Using the statistical data for twelve months ending 30 June 2014, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2014-15 financial year.

In respect of assets and liabilities the Ministry requires the Corporation 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 Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

ad) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2014-15 and have been applied for the first time as follows:

AASB 10 Consolidated Financial Statements, AASB 2011-7, and AASB 2013-8 Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not for profit entities, the changes have application from 1 July 2014.

Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, Corporation management is of the opinion that there will be no material implications for the financial statements.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. This standard is not applicable to Corporation as individual budgets are not presented in parliament. Refer note 2(ab) on how Corporation derives its budgetary information.

(ii) Issued but not yet effective

Health Administration Corporation
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NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9, Financial Instruments, has application from 1 January 2018. The standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 15 and AASB 2014-5, Revenue from Contracts with Customers has application from 1 January 2016. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-3, Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. This amending standard clarifies the treatment of expensing all acquisition-related costs, and recognition of share in a joint operation according to the contractual arrangements, this standard is applicable from 1 January 2016.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life.

AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 Jan 2018. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] has application from 1 Jan 2015. This update limits the application of the existing versions of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-9, Amendments to Australian Accounting Standards – It gives entities the choice of using the Equity Method for their subsidiaries in their separate financial statements [AASB 1, 127 & 128]. It has application from 1 January 2016.

AASB 2014-10, Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]. This has application from 1 January 2016.

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AASB 2015-01, Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]

AASB 2015-02, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016.

AASB2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 January 2016. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

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Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
3. Employee Related				
Employee related expenses comprise the following:				
-----	-----	Salaries and Wages	801,802	765,251
-----	-----	Overtime	88,098	86,341
-----	-----	Penalties	106,158	103,995
-----	-----	Superannuation - Defined Benefit Plans	22,602	24,731
-----	-----	Superannuation - Defined Contribution Plans	89,444	82,947
-----	-----	Long Service Leave	69,355	57,123
-----	-----	Annual Leave	114,630	110,427
-----	-----	Sick Leave and Other Leave	60,572	56,779
-----	-----	Redundancies	4,132	3,666
-----	-----	Workers' Compensation Insurance	47,766	45,711
-----	-----	Fringe Benefits Tax	441	214
-----	-----	Death and Disability*	40,941	6,582
-----	-----		1,445,941	1,343,767
* Ambulance Services incurred a higher premium, which is expected to be resolved in the coming years.				
The following additional information is provided:				
-----	-----	Employee Related Expenses Capitalised - Land and Buildings	5,756	13,645
-----	-----	Employee Related Expenses Capitalised - Intangibles	6,798	10,759
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
801,802	765,251	Salaries and Wages	-----	-----
88,098	86,341	Overtime	-----	-----
106,158	103,995	Penalties	-----	-----
89,444	82,947	Superannuation - Defined Contribution Plans	-----	-----
4,426	4,306	Long Service Leave	-----	-----
114,630	110,427	Annual Leave	-----	-----
60,572	56,779	Sick Leave and Other Leave	-----	-----
4,132	3,666	Redundancies	-----	-----
47,766	45,711	Workers' Compensation Insurance	-----	-----
441	214	Fringe Benefits Tax	-----	-----
40,941	6,582	Death and Disability	-----	-----
1,358,410	1,266,219		-----	-----
5. Other Operating Expenses				
938	591	Advertising	938	591
862	574	Auditor's Remuneration - Audit of Financial Statements	862	574
160	33	Blood and Blood Products	160	33
3,693	3,880	Consultancies - Other	3,693	3,880
24,871	24,500	Domestic Supplies and Services	24,871	24,500
7,377	6,888	Drug Supplies	7,377	6,888
74,670	69,684	Food Supplies	74,670	69,684
11,687	12,267	Fuel, Light and Power	11,687	12,267
326,595	297,151	Other (See (a) below)	326,595	297,151
1,013	1,255	Hospital Ambulance Transport Costs	1,013	1,255
172,169	162,629	Information Management Expenses	172,169	162,629
104,507	108,673	IT Contractors	104,507	108,673
4,910	4,371	Insurance	4,910	4,371
99,572	86,092	Maintenance (See (b) below)	99,572	86,092
33,116	30,257	Medical and Surgical Supplies	33,116	30,257
15,811	17,577	Motor Vehicle Expenses	15,811	17,577
8,940	10,322	Postal and Telephone Costs	8,940	10,322
5,419	5,675	Printing and Stationery	5,419	5,675
2,862	2,845	Rates and Charges	2,862	2,845
25,555	22,267	Rental	25,555	22,267
3,860	4,521	Hosted services purchased from Other LHDs	3,860	4,521
120,395	116,563	Special Service Departments	120,395	116,563
16,005	17,750	Staff Related Costs	16,005	17,750
10,899	10,652	Travel Related Costs	10,899	10,652
1,075,886	1,017,017		1,075,886	1,017,017

Health Administration Corporation
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		(a) Other Includes:		
85,348	78,810	Aircraft Expenses (Ambulance)	85,348	78,810
378	281	Contract for Patient Services	378	281
161,884	123,758	Corporate Support Services	161,884	123,758
6,183	6,106	Courier and Freight	6,183	6,106
----	155	Isolated Patient Travel and Accommodation Assistance Scheme	----	155
1,333	1,569	Legal Services	1,333	1,569
1,902	1,728	Membership/Professional Fees	1,902	1,728
25,529	24,219	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	25,529	24,219
----	3	Public Private Partnership	----	3
829	1,021	Other Operating Lease Expense - Minimum Lease Payments	829	1,021
3,375	2,821	Quality Assurance/Accreditation	3,375	2,821
841	857	Security Services	841	857
38,993	55,823	Other Miscellaneous	38,993	55,823
<u>326,595</u>	<u>297,151</u>		<u>326,595</u>	<u>297,151</u>
		(b) Reconciliation of Total Maintenance		
25,653	24,283	Maintenance Contracts	25,653	24,283
60,034	48,867	New/Replacement Equipment under \$10,000	60,034	48,867
13,591	12,634	Repairs Maintenance/Non Contract	13,591	12,634
294	308	Other	294	308
<u>99,572</u>	<u>86,092</u>	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	<u>99,572</u>	<u>86,092</u>
5,057	5,228	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	5,057	5,228
<u>104,629</u>	<u>91,320</u>	Total Maintenance Expenses	<u>104,629</u>	<u>91,320</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		6. Depreciation and Amortisation		
10,562	9,451	Depreciation - Buildings	10,562	9,451
39,358	38,037	Depreciation - Plant and Equipment	39,358	38,037
20	17	Depreciation - Infrastructure Systems	20	17
1,516	1,340	Amortisation - Leasehold Improvements	1,516	1,340
32,919	26,930	Amortisation - Intangible Assets	32,919	26,930
84,375	75,775		84,375	75,775
		7. Grants and Subsidies		
1,715	1,695	Non-Government Organisations	1,715	1,695
19,477	19,834	Community Aged Care Packages	19,477	19,834
436	56	Grants to Research Organisations	436	56
5,589	3,687	Grant Payments to Other NSW Health Entities	5,589	3,687
185	54	Other Grants	185	54
27,402	25,326		27,402	25,326
		8. Finance Costs		
10	12	Interest on Loans	10	12
34	59	Other Interest Charges	34	59
44	71		44	71

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT

CONSOLIDATION

**2015
\$000**

**2014
\$000**

**2015
\$000**

**2014
\$000**

9. Sale of Goods and Services

25,659	21,093	Department of Veterans' Affairs	25,659	21,093
14	15	Staff-Meals and Accommodation	14	15
122,864	117,054	Infrastructure Fees - Monthly Facility Charge	122,864	117,054
22,969	21,521	- Annual Charge	22,969	21,521
7,740	7,984	Cafeteria/Kiosk	7,740	7,984
185	123	Car Parking	185	123
18,619	16,846	Clinical Services (excluding Clinical Drug Trials)	18,619	16,846
381,950	380,845	Commercial Activities	381,950	380,845
219	242	Fees for Medical Records	219	242
6,707	8,355	Linen Service Revenues - Non Health Services	6,707	8,355
83,187	82,626	Linen Service Revenues - Other Health Services	83,187	82,626
663	762	Meals on Wheels	663	762
34,297	33,460	Motor Accident Authority Third Party	34,297	33,460
523	426	Patient Co-payments - Program of Appliances for Disabled People	523	426
158,328	167,025	Patient Transport Fees	158,328	167,025
369	385	Private Use of Motor Vehicles	369	385
1,440	1,564	Salary Packaging Fee	1,440	1,564
408	290	Services Provided to Non NSW Health Organisations	408	290
818,703	768,199	Shared Corporate Services	818,703	768,199
4,789	5,622	Use of Ambulance Facilities	4,789	5,622
12,597	5,773	Other	12,597	5,773
1,702,230	1,640,210		1,702,230	1,640,210

10. Investment Revenue

10,445	12,257	Interest	10,445	12,257
3	85	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	3	85
20	208	Other	20	208
10,468	12,550		10,468	12,550

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
11. Grants and Contributions				
582	265	Clinical Drug Trials	582	265
1,768	6,603	Commonwealth Government Grants	1,768	6,603
589	414	Industry Contributions/Donations	589	414
----	174	Cancer Institute Grants	----	174
1,099	345	NSW Government Grants	1,099	345
3,260	384	Grants from Other NSW Health Entities	3,260	384
166	210	Research Grants	166	210
1,901	1,347	Other Grants	1,901	1,347
9,365	9,742		9,365	9,742
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	22,602	24,731
----	----	Long Service Leave	64,929	52,816
----	----		87,531	77,547
13. Other Revenue				
Other Revenue comprises the following:-				
5,126	5,457	Ambulance Death and Disability	5,126	5,457
16	71	Bad Debts Recovered	16	71
162	101	Commissions	162	101
625	258	Conference and Training Fees	625	258
568	357	Discounts	568	357
311	206	Insurance Refunds	311	206
672	711	Lease and Rental Income	672	711
144	1,165	Property not Previously Recognised	144	1,165
78	131	Sale of Merchandise, Old Wares and Books	78	131
149	108	Sponsorship Income	149	108
2,181	778	Treasury Managed Fund Hindsight Adjustment	2,181	778
7	2	Unclaimed Deposits	7	2
19,036	1,813	Other	19,036	1,813
29,075	11,158		29,075	11,158

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
14. Gain / (Loss) on Disposal				
46,565	29,633	Property, Plant and Equipment	46,565	29,633
39,111	26,269	Less: Accumulated Depreciation	39,111	26,269
7,454	3,364	Written Down Value	7,454	3,364
2,496	2,374	Less: Proceeds from Disposal	2,496	2,374
(4,958)	(990)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(4,958)	(990)
-----	189	Intangible Assets	-----	189
-----	-----	Less: Proceeds from Disposal	-----	-----
-----	(189)	Gain/(Loss) on Disposal of Intangible Assets	-----	(189)
1,296	2,969	Assets Held for Sale	1,296	2,969
830	929	Less: Proceeds from Disposal	830	929
(466)	(2,040)	Gain/(Loss) on Disposal of Assets Held for Sale	(466)	(2,040)
(5,424)	(3,219)	Total Gain/(Loss) on Disposal	(5,424)	(3,219)
15. Other Gains / (Losses)				
(30,087)	(58,214)	Impairment of Receivables	(30,087)	(58,214)
(30,087)	(58,214)		(30,087)	(58,214)

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date	796	48,612	12,151	61,559
Contributions recognised in previous years which were not expended in the current reporting period	6,693	77,478	5,128	89,299
Total amount of unexpended contributions as at reporting date	7,489	126,090	17,279	150,858

Comment on restricted assets appears in Note 26

17. Service Groups of the Corporation

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 program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that 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 road and air ambulance services and treatment of patients in 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 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, 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.

Health Administration Corporation
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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 Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that 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 Ministry'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.

Health Administration Corporation
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		18. Cash and Cash Equivalents		
208,792	195,456	Cash at Bank and On Hand	208,792	195,456
142,316	188,571	Short Term Deposits	142,316	188,571
351,108	384,027		351,108	384,027
		For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.		
		Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
351,108	384,027	Cash and Cash Equivalents (per Statement of Financial Position)	351,108	384,027
351,108	384,027	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	351,108	384,027

Refer to Note 38 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Health Administration Corporation
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		19. Receivables		
		Current		
74,608	132,939	Sale of Goods and Services	74,608	132,939
135,826	178,427	Intra Health Receivables	135,826	178,427
14,640	17,651	Goods and Services Tax	14,640	17,651
16,474	27,872	Other Debtors	16,474	27,872
<u>241,548</u>	<u>356,889</u>	Sub Total	<u>241,548</u>	<u>356,889</u>
(47,908)	(86,445)	Less Allowance for Impairment	(47,908)	(86,445)
193,640	270,444	Sub Total	193,640	270,444
29,382	8,498	Prepayments	29,382	8,498
<u>223,022</u>	<u>278,942</u>		<u>223,022</u>	<u>278,942</u>
		Allowance for Impairment		
		Receivables		
(86,445)	(30,838)	Balance at Commencement of Reporting Period	(86,445)	(30,838)
68,624	2,607	Amounts written off during the period	68,624	2,607
(30,087)	(58,214)	(Increase)/decrease in Allowance Recognised in	(30,087)	(58,214)
(47,908)	(86,445)	the Income Statement	(47,908)	(86,445)
<u>(47,908)</u>	<u>(86,445)</u>	Balance at 30 June	<u>(47,908)</u>	<u>(86,445)</u>
		Non-Current		
1,034	734	Prepayments	1,034	734
<u>1,034</u>	<u>734</u>		<u>1,034</u>	<u>734</u>
		The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
50,111	-----	Patient Fees - Inpatient & Other	50,111	-----
<u>50,111</u>	<u>-----</u>		<u>50,111</u>	<u>-----</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 38.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
20. Inventories - Current - Held for Distribution				
32,169	34,367	Medical and Surgical Supplies	32,169	34,367
121	93	Food and Hotel Supplies	121	93
<u>32,290</u>	<u>34,460</u>		<u>32,290</u>	<u>34,460</u>
21 Financial Assets at Fair Value				
Current				
217	562	Other	217	562
<u>217</u>	<u>562</u>		<u>217</u>	<u>562</u>
Non Current				
-----	217	Other	-----	217
<u>-----</u>	<u>217</u>		<u>-----</u>	<u>217</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
600,351	549,095	Gross Carrying Amount	600,351	549,095
253,965	249,143	Less: Accumulated Depreciation and Impairment	253,965	249,143
346,386	299,952	Net Carrying Amount	346,386	299,952
Plant and Equipment - Fair Value*				
383,386	354,023	Gross Carrying Amount	383,386	354,023
187,299	186,227	Less: Accumulated Depreciation and Impairment	187,299	186,227
196,087	167,796	Net Carrying Amount	196,087	167,796
Infrastructure Systems - Fair Value				
824	749	Gross Carrying Amount	824	749
654	543	Less: Accumulated Depreciation and Impairment	654	543
170	206	Net Carrying Amount	170	206
Leasehold Improvements - Fair Value*				
14,948	15,015	Gross Carrying Amount	14,948	15,015
4,297	3,527	Less: Accumulated Depreciation and Impairment	4,297	3,527
10,651	11,488	Net Carrying Amount	10,651	11,488
Total Property, Plant and Equipment				
553,294	479,442	At Net Carrying Amount	553,294	479,442

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

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22. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2015						
Net Carrying Amount at Start of Year	147,226	152,726	167,796	206	11,488	479,442
Additions	505	14,929	72,699	----	859	88,992
Reclassifications to Intangibles	----	----	(310)	----	----	(310)
Recognition of Assets Held for Sale	(30)	(79)	----	----	----	(109)
Disposals	(2,350)	(10)	(4,889)	----	(205)	(7,454)
Net Revaluation Increment Less Revaluation						
Decrements Recognised in Reserves	11,856	32,260	----	73	----	44,189
Depreciation Expense	----	(10,562)	(39,358)	(20)	(1,516)	(51,456)
Reclassifications	----	(85)	149	(89)	25	----
Net Carrying Amount at End of Year	157,207	189,179	196,087	170	10,651	553,294

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2014						
Net Carrying Amount at Start of Year	144,605	147,535	162,244	146	4,569	459,099
Additions	1,730	12,333	38,664	25	5,893	58,645
Reclassifications to Intangibles	----	----	7,393	----	----	7,393
Recognition of Assets Held for Sale	(2,145)	(631)	----	----	----	(2,776)
Disposals	----	(166)	(3,198)	----	----	(3,364)
Administrative Restructures - Transfers						
In/(Out)	----	----	2,422	----	----	2,422
Net Revaluation Increment Less Revaluation						
Decrements Recognised in Reserves	3,036	3,824	----	8	----	6,868
Depreciation Expense	----	(9,451)	(38,037)	(17)	(1,340)	(48,845)
Reclassifications	----	(718)	(1,692)	44	2,366	----
Net Carrying Amount at End of Year	147,226	152,726	167,796	206	11,488	479,442

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 25.

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		23. Intangible Assets		
		Intangibles		
690,043	596,812	Cost (Gross Carrying Amount)	690,043	596,812
181,244	148,309	Less Accumulated Amortisation and Impairment	181,244	148,309
<u>508,799</u>	<u>448,503</u>	Net Carrying Amount	<u>508,799</u>	<u>448,503</u>
		Total Intangible Assets at Net Carrying Amount		
<u>508,799</u>	<u>448,503</u>		<u>508,799</u>	<u>448,503</u>

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23. Intangibles - Reconciliation

	Intangibles \$000
2015	
Net Carrying Amount at Start of Year	448,503
Additions (From Internal Development or Acquired Separately)	92,905
Reclassifications from Plant & Equipment	310
Amortisation (Recognised in Depreciation and Amortisation)	(32,919)
Net Carrying Amount at End of Year	508,799

	Intangibles \$000
2014	
Net Carrying Amount at Start of Year	382,549
Additions (From Internal Development or Acquired Separately)	100,466
Reclassifications from Plant & Equipment	(7,393)
Disposals	(189)
Amortisation (Recognised in Depreciation and Amortisation)	(26,930)
Net Carrying Amount at End of Year	448,503

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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
24. Non-Current Assets (or Disposal Groups) Held for Sale				
		Assets Held for Sale		
836	2,023	Land and Buildings	836	2,023
<u>836</u>	<u>2,023</u>		<u>836</u>	<u>2,023</u>

The non-current assets held for sale constitute assets that are surplus to requirements and are actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale in the next twelve months.

Further details regarding fair value measurement are disclosed in note 25.

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25. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 30 June 2015.

a) Fair Value Hierarchy

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 22)				
- Land and Buildings	----	321,611	12,727	334,338
- Infrastructure Systems	----	----	170	170
Non-Current Assets (or Disposal Groups) Held for Sale (Note 24)	----	836	----	836
	-----	322,447	12,897	335,344

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 22)				
- Land and Buildings	----	276,164	23,788	299,952
- Infrastructure Systems	----	----	206	206
Non-Current Assets (or Disposal Groups) Held for Sale (Note 24)	----	2,023	----	2,023
	-----	278,187	23,994	302,181

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

Work in Progress and newly completed buildings are carried at cost, therefore excluded from figures above and as a result will not agree to Note 22.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the Corporation's divisions obtain external valuations by independent valuers every three years. The valuer used by the division is an independent person and is not an employee of the respective divisions.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 22 reconciliation.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The following non-current assets categorised in a) have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.

All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs, although these lands are not identical.

The majority of the restricted land has been classified as Level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

Non-Current Assets Held for Sale is a non-recurring item that is measured at the lesser of its carrying amount or fair value less cost to sell. These assets are categorised as a Level 2 asset except when an asset was a Level 3 asset prior to transfer to Non-Current Assets Held for Sale, and continues to be recognised as a Level 3 asset where the carrying amount is lesser than the fair value less cost to sell.

Level 3 significant valuation inputs and relationship to fair value:

The valuation of buildings was computed by suitably qualified independent valuers using a methodology known as the depreciated replacement cost valuation technique. The following table highlights the key unobservable (Level 3) inputs assessed during the valuation process, the relationship to the estimated fair value and the sensitivity to changes in unobservable inputs.

Assets	Valuation Technique	Significant Unobservable Inputs	Relationship between unobservable inputs and fair value measurement
Land	Market approach: this valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for restrictions specific for the property (e.g. mandated use and/or zoning)	<ul style="list-style-type: none"> ▪ Rate per square metre ▪ Discount rate ▪ Provision for remediation 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Rate per square metre increases/(decreases) ▪ Discount rate decreases/(increases) ▪ Provision for remediation decreases/(increases)
Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)
Non-Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)
Infrastructure Systems	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent infrastructure asset on a rate per square metre basis; depreciated to reflect the asset's remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)

There are no other direct or significant relationships between the unobservable inputs which materially impact fair value.

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PARENT & CONSOLIDATION

25. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2015	Land and Buildings \$000	Infrastructure \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2014	23,788	206	23,994
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	6,012	73	6,085
Transfers from Level 2	5,997	----	5,997
Transfers to Level 2	(21,658)	----	(21,658)
Depreciation	(1,412)	(20)	(1,432)
Reclassification	----	(89)	(89)
Fair value as at 30 June 2015	<u>12,727</u>	<u>170</u>	<u>12,897</u>
2014	Land and Buildings \$000	Infrastructure \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2013	21,959	146	22,105
Additions	----	25	25
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	2,687	8	2,695
Depreciation	(858)	(17)	(875)
Reclassification	----	44	44
Fair value as at 30 June 2014	<u>23,788</u>	<u>206</u>	<u>23,994</u>

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		26. Restricted Assets		
		The Corporation'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		
9,662	9,419	Specific Purposes	9,662	9,419
5,256	4,949	Research Grants	5,256	4,949
119,150	104,717	Private Practice Funds	119,150	104,717
<u>16,790</u>	<u>33,447</u>	Death and Disability Award (Ambulance)	<u>16,790</u>	<u>33,447</u>
<u>150,858</u>	<u>152,532</u>		<u>150,858</u>	<u>152,532</u>

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		27. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	46,923	40,317
-----	-----	Taxation and Payroll Deductions	4,466	3,982
51,389	44,299	Accrued Liability - Purchase of Personnel Services	-----	-----
210,246	275,494	Creditors	210,246	275,494
		Other Creditors		
3,867	2,755	- Capital Works	3,867	2,755
46,996	48,168	- Intra Health Liability	46,996	48,168
<u>312,498</u>	<u>370,716</u>		<u>312,498</u>	<u>370,716</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 38.

		28. Borrowings		
		Current		
48	8,546	Other Loans and Deposits	48	8,546
<u>48</u>	<u>8,546</u>		<u>48</u>	<u>8,546</u>
		Non-Current		
183	8,196	Other Loans and Deposits	183	8,196
<u>183</u>	<u>8,196</u>		<u>183</u>	<u>8,196</u>

No assets have been pledged as security/collateral for liabilities and there are no restrictions on any title to property.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 38.

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
29. Provisions				
Current				
-----	-----	Annual Leave - Short Term Benefit	105,829	101,122
-----	-----	Annual Leave - Long Term Benefit	76,934	78,238
-----	-----	Sick Leave	39	38
-----	-----	Long Service Leave Consequential On-Costs	32,590	29,448
-----	-----	Death and Disability (Ambulance Officers)	7,777	6,633
378	210	Other	378	210
223,169	215,479	Provision for Personnel Services Liability	-----	-----
223,547	215,689	Total Current Provisions	223,547	215,689
Non-Current				
-----	-----	Long Service Leave Consequential On-Costs	2,834	1,550
-----	-----	Death and Disability (Ambulance Officers)	11,986	3,956
2,906	2,536	Other	2,906	2,536
14,820	5,506	Provision for Personnel Services Liability	-----	-----
17,726	8,042	Total Non-Current Provisions	17,726	8,042
Aggregate Employee Benefits and Related On-Costs				
-----	-----	Provisions - Current	223,169	215,479
-----	-----	Provisions - Non-Current	14,820	5,506
-----	-----	Accrued Salaries, Wages and On-Costs (Note 27)	51,389	44,299
289,378	265,284	Liability - Purchase of Personnel Services	-----	-----
289,378	265,284		289,378	265,284
30. Other Liabilities				
Current				
872	8,051	Income in Advance	872	8,051
872	8,051		872	8,051
Non-Current				
119	165	Income in Advance	119	165
119	165		119	165

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		31. Commitments for Expenditure		
		(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:		
		Not later than one year	106,328	52,100
106,328	52,100	Later than one year and not later than five years	-----	3,785
	3,785			
<u>106,328</u>	<u>55,885</u>	Total Capital Expenditure Commitments (Including GST)	<u>106,328</u>	<u>55,885</u>
		Of the commitments reported at 30 June 2015 it is expected that \$14.91M will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	110,059	96,499
110,059	96,499	Later than one year and not later than five years	179,215	199,496
179,215	199,496	Later than five years	51,563	113,685
51,563	113,685			
<u>340,837</u>	<u>409,680</u>	Total Operating Lease Commitments (Including GST)	<u>340,837</u>	<u>409,680</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. \$447.2 million as at 30 June 2015 includes input tax credits of \$40.7M that are expected to be recoverable from the Australian Taxation Office (2014 \$42.3M).		

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PARENT AND CONSOLIDATION

32. Trust Funds

The Corporation does not hold trust fund monies which are held 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 the Corporation cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Private Practice Trust Funds		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Balance at the beginning of the financial year	1,369	1,179	1,369	1,179
Receipts	180,650	146,858	180,650	146,858
Expenditure	(182,019)	(146,668)	(182,019)	(146,668)
Balance at the end of the financial year	-----	1,369	-----	1,369

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33. Contingent Liabilities and Assets

a) 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 2008/09 fund year and an interim adjustment for the 2011/12 fund year were not calculated until 2014/15.

As a result, the 2009/10 final and 2011/12 adjustments pertaining to the hospitals and community services now forming part of the Corporation will be paid in 2015/16. It is not possible for the Corporation to reliably quantify the benefit to be received or amount payable.

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
34. Reconciliation of Cash Flows from Operating Activities to Net Result				
161,399	225,624	Net Cash Flows from Operating Activities	161,399	225,624
(84,375)	(75,775)	Depreciation	(84,375)	(75,775)
(30,087)	(58,214)	Allowance for Impairment	(30,087)	(58,214)
7,224	755	(Increase)/ Decrease Income in Advance	7,224	755
(17,542)	(7,447)	(Increase)/ Decrease in Provisions	(17,542)	(7,447)
(27,354)	58,115	Increase / (Decrease) in Prepayments and Other Assets	(27,354)	58,115
57,830	(82,391)	(Increase)/ Decrease in Creditors	57,830	(82,391)
(5,424)	(3,219)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(5,424)	(3,219)
242	1,165	Assets donated or brought to account for the first time	242	1,165
61,913	58,613	Net Result	61,913	58,613
35. Non-Cash Financing and Investing Activities				
242	2,422	Assets Received by Donation	242	2,422
-----	1,165	Assets recognised for the First Time	-----	1,165
242	3,587		242	3,587

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36. Budget Review - Parent and Consolidated

Net Result **\$M**

The actual Net Result was lower than budget by \$27 million, primarily due to:

Increased Death and Disability premiums	20
Capital underspend and rollover to 2015/16	9
Loss on Disposal of Property, Plant and Equipment	4
Excess of revenue over other operating expenses and grants and subsidies	(6)
Total	27

Assets and Liabilities

Principal movements at the "point of time" measurement are as follows:

Current Assets

The decrease in Cash which was offset by the reduction in Accounts Payable	(35)
The decrease in Receivables which reflected payments made to Health Infrastructure for various capital expenditures and the payment to NSW Health Pathology for subsidy owing from 2013/14	(46)
Other	(4)
	(85)

Non Current Assets

Non Current Assets increased in total by \$45M, the major component of which was the revaluation of Land, Buildings and Infrastructure by \$44M	45
Total Assets	(40)

Current Liabilities

Payables increased by \$40M and was largely matched by the reduction in Cash balances	40
Other Liabilities decreased as prior year Income in Advance was applied in the 2014/15 year	18
Provisions increased due to staff growth and an increase in actuarially assessed on costs	(2)
Total Liabilities	56

Net Assets	16
------------	----

Cash Flows

The Net Cash Inflow from Operating Activities was less than budget and largely reflected the Net Result in the Statement of Comprehensive Income of \$27M, coupled with the excess of the movement in receivables over payables of \$6M.	32
--	----

Minor movements of \$2M only occurred in "Net Cashflows from Investing Activities" and "Cashflows from Financing Activities"	3
--	---

Decrease in Cash	35
------------------	----

Health Administration Corporation
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37. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2013/14 year were:

* \$5.742 million in net assets transferred in to NSW Health Pathology. The transfer in of assets of \$6.265 million from Hunter New England Local Health District (\$0.018million), Nepean Blue Mountains Local Health District (\$0.090 million), Western Sydney Local Health District (\$3.914 million) and NSW Police Force (\$2.243 million). The transfer out of net assets of \$0.523 million were to Sydney Local Health District.

Equity transfers effected in the 2014/15 year were:

Nil equity transfers were effected in 2014/15.

It is noted that an internal restructure took place during the financial period between HealthShare and eHealth. As this restructure took place within HAC entities, no transfers are shown below.

	2015	2014
	\$000	\$000
Equity transfers effected comprised:		
NSW Health Pathology		
Hunter New England LHD	-----	18
Nepean Blue Mountains LHD	-----	90
Sydney LHD	-----	(523)
Western Sydney LHD	-----	3,914
NSW Police Force	-----	2,243
Health System Support Group		
Cancer Institute of NSW	-----	247
Ministry of Health	-----	51
	-----	6,040
Assets and Liabilities transferred are as follows:		
	2015	2014
	\$000	\$000
Assets		
Current Assets		
Cash	-----	3,814
Non Current Assets		
Plant and Equipment	-----	2,422
Liabilities		
Provisions	-----	-196
Increase/(Decrease) in Net Assets From Equity Transfers	-----	6,040

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38. Financial Instruments

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

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

The Secretary 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 the Corporation, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Risk Management and Audit Committee and the internal auditors on a regular basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2015 \$000	Carrying Amount 2014 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 18)	N/A	351,108	384,027
Receivables (note 19)*	Loans and receivables (at amortised cost)	179,000	252,793
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	217	779
Total Financial Assets		<u>530,325</u>	<u>637,599</u>
Financial Liabilities			
Borrowings (note 28)	Financial liabilities	231	16,742
Payables (note 27)**	measured at amortised cost	308,032	366,734
Total Financial Liabilities		<u>308,263</u>	<u>383,476</u>

Notes

*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

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(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Corporation. 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 the Corporation, including cash, receivables and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation'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 balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.78% to 3.52% in 2014/15 compared to 2.48% to 4.28% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations 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 the Corporation will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Corporation 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 (2015:\$151.1M; 2014: \$230.0M) and not more than 3 months past due (2015: \$6.4M; 2014:\$11.3M) are not considered impaired. Together these represent 69.4% of the total trade debtors.

Most of HAC's external debtors are Ambulance Patient Transport debtors which represent the majority of financial assets that are past due or impaired.

2015	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	8,991	6,448	2,543
3 months - 6 months overdue	13,533	7,605	5,928
> 6 months overdue	53,313	13,876	39,437
2014			
<3 months overdue	16,554	11,340	5,214
3 months - 6 months overdue	15,997	2,203	13,794
> 6 months overdue	76,652	9,215	67,437

Notes

1 Each column in the table reports "gross receivables".

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

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Authority Deposits

The Corporation has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.47% (2014 - 3.42%), while over the year the weighted average interest rate was 3.48% (2014 - 3.70%) on a weighted average balance during the year of \$14.0M (2014 - \$53.0M). None of these assets are past due or impaired.

(c) Liquidity Risk

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

The Corporation has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Corporation has exposure to liquidity risk.

However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Corporation fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2015							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions	46,923	-----	-----	46,923	46,923	-----	-----
- Creditors	261,109	-----	-----	261,109	261,109	-----	-----
Borrowings:							
- Loans and Deposits	231	231	-----	-----	48	183	-----
- Finance Leases	-----	-----	-----	-----	-----	-----	-----
- Public Private Partnership	-----	-----	-----	-----	-----	-----	-----
- Other	-----	-----	-----	-----	-----	-----	-----
	308,263	231	-----	308,032	308,080	183	-----
2014							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions	40,317	-----	-----	40,317	40,317	-----	-----
- Creditors	326,417	-----	-----	326,417	326,417	-----	-----
Borrowings:							
- Loans and Deposits	16,742	-----	-----	16,742	8,546	8,196	-----
	383,476	-----	-----	383,476	375,280	8,196	-----

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

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(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Corporation 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 the Corporation operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, the Corporation is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through Treasury).

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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The Corporation's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2015					
Financial Assets					
Cash and Cash Equivalents	351,108	(3,511)	(3,511)	3,511	3,511
Receivables	179,000	-----	-----	-----	-----
Financial Assets at Fair Value	217	(2)	(2)	2	2
Financial Liabilities					
Payables	308,032	-----	-----	-----	-----
Borrowings	231	-----	-----	-----	-----
2014					
Financial Assets					
Cash and Cash Equivalents	384,027	(3,840)	(3,840)	3,840	3,840
Receivables	252,793	-----	-----	-----	-----
Financial Assets at Fair Value	779	(8)	(8)	8	8
Financial Liabilities					
Payables	366,734	-----	-----	-----	-----
Borrowings	16,742	-----	-----	-----	-----

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Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2015 \$'000	2014 \$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	217	779

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 unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Corporation'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	
		2015 \$'000	2014 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	2	8

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(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

(ii) Fair Value recognised in the Statement of Financial Position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	217	-----	217
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	779	-----	779

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

As discussed, the value of the Hour-Glass Investments is based on the Corporation'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.

39. Events after the Reporting Period

There are no events after the reporting period that require amendment to the financial statements.

END OF AUDITED FINANCIAL STATEMENTS