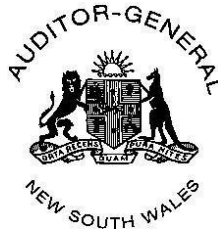


**The Sydney
Children's Hospitals
Network
(Randwick and Westmead)**

Financial Statements

for the year ended 30 June 2017



INDEPENDENT AUDITOR'S REPORT

Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating the Royal Alexandra Hospital for Children)

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating the Royal Alexandra Hospital for Children) (the Network), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Network and the consolidated entity. The consolidated entity comprises the Network and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Network and the consolidated entity as at 30 June 2017, 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 *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.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Network and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(ag). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Network. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Network's financial statements present adjusted budget information.

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive must assess the ability of the Network and the consolidated entity to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Network or the consolidated entity carried out their activities effectively, efficiently and economically
- 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 any other information which may have been hyperlinked to/from the financial statements.



Renee Meimaroglou
Director, Financial Audit Services

7 September 2017
SYDNEY



Certification of the Financial Statements for the year ended 30 June 2017

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

- 1) The financial statements of The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) for the year ended 30 June 2017 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 Regulation 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 Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children); and
- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Dr. Michael Brydon
Chief Executive

05 September 2017

Brian Jackson
Director of Finance and Corporate Services

05 September 2017

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Statement of Financial Position as at 30 June 2017

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2017	2017	2016		2017	2017	2016
\$000	\$000	\$000		\$000	\$000	\$000
ASSETS						
Current Assets						
103,733	92,920	107,979		103,733	92,920	107,979
22,952	24,138	24,138	15	22,952	24,138	24,138
7,129	6,530	6,530	16	7,129	6,530	6,530
310	271	271	17	310	271	271
<u>134,124</u>	<u>123,859</u>	<u>138,918</u>	18	<u>134,124</u>	<u>123,859</u>	<u>138,918</u>
134,124	123,859	138,918		134,124	123,859	138,918
Total Current Assets						
Non-Current Assets						
54,345	60,882	55,882		54,345	60,882	55,882
428,066	398,132	404,489	18	428,066	398,132	404,489
65,635	89,760	60,464		65,635	89,760	60,464
35,660	35,660	37,395		35,660	35,660	37,395
3,424	3,424	3,569		3,424	3,424	3,569
<u>532,785</u>	<u>526,976</u>	<u>505,917</u>		<u>532,785</u>	<u>526,976</u>	<u>505,917</u>
3,620	3,243	3,801		3,620	3,243	3,801
<u>590,750</u>	<u>591,101</u>	<u>565,600</u>		<u>590,750</u>	<u>591,101</u>	<u>565,600</u>
724,874	714,960	704,518		724,874	714,960	704,518
LIABILITIES						
Current Liabilities						
51,667	45,899	45,188		51,667	45,899	45,188
83,567	81,608	80,596	23	83,567	81,608	80,596
2,589	2,798	2,798	24	2,589	2,798	2,798
<u>137,823</u>	<u>130,305</u>	<u>128,582</u>	25	<u>137,823</u>	<u>130,305</u>	<u>128,582</u>
Total Current Liabilities						
Non-Current Liabilities						
979	979	983		979	979	983
<u>979</u>	<u>979</u>	<u>983</u>	24	<u>979</u>	<u>979</u>	<u>983</u>
138,802	131,284	129,565		138,802	131,284	129,565
586,072	583,676	574,953		586,072	583,676	574,953
Net Assets						
EQUITY						
265,074	265,074	265,074		265,074	265,074	265,074
320,998	318,602	309,879		320,998	318,602	309,879
<u>586,072</u>	<u>583,676</u>	<u>574,953</u>		<u>586,072</u>	<u>583,676</u>	<u>574,953</u>
Total Equity						

The accompanying notes form part of these financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Statement of Changes in Equity for the year ended 30 June 2017

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2016		309,879	265,074	574,953
Total Equity at 1 July 2016		<u>309,879</u>	<u>265,074</u>	<u>574,953</u>
Net Result for the year		11,119	-----	11,119
Other Comprehensive Income:				
Total Other Comprehensive Income		-----	-----	-----
Total Comprehensive Income for the year		<u>11,119</u>	<u>-----</u>	<u>11,119</u>
Balance at 30 June 2017		<u><u>320,998</u></u>	<u><u>265,074</u></u>	<u><u>586,072</u></u>
Balance at 1 July 2015		323,354	265,242	588,596
Total Equity at 1 July 2015		<u>323,354</u>	<u>265,242</u>	<u>588,596</u>
Net Result for the year		(13,475)	-----	(13,475)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	19	-----	(168)	(168)
Total Other Comprehensive Income		-----	(168)	(168)
Total Comprehensive Income for the year		<u>(13,475)</u>	<u>(168)</u>	<u>(13,643)</u>
Balance at 30 June 2016		<u><u>309,879</u></u>	<u><u>265,074</u></u>	<u><u>574,953</u></u>

The accompanying notes form part of these financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Statement of Cash Flows for the year ended 30 June 2017

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2017	2017	2016		2017	2017	2016
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
-----	-----	-----	Employee Related	(501,439)	(502,106)	(475,464)
(17,180)	(16,706)	(6,144)	Grants and Subsidies	(17,180)	(16,706)	(6,144)
(716,779)	(716,727)	(679,028)	Other	(215,340)	(214,621)	(203,564)
<u>(733,959)</u>	<u>(733,433)</u>	<u>(685,172)</u>	Total Payments	<u>(733,959)</u>	<u>(733,433)</u>	<u>(685,172)</u>
Receipts						
541,397	541,397	516,020	NSW Ministry of Health Recurrent Allocations	541,397	541,397	516,020
13,024	12,783	5,641	NSW Ministry of Health Capital Allocations	13,024	12,783	5,641
7,964	7,964	8,022	Reimbursements from the Crown Entity	7,964	7,964	8,022
81,425	81,638	82,363	Sale of Goods and Services	81,425	81,638	82,363
2,845	310	2,999	Interest Received	2,845	310	2,999
70,844	58,768	64,964	Grants and Contributions	70,844	58,768	64,964
34,184	37,660	29,878	Other	34,184	37,660	29,878
<u>751,683</u>	<u>740,520</u>	<u>709,887</u>	Total Receipts	<u>751,683</u>	<u>740,520</u>	<u>709,887</u>
<u>17,724</u>	<u>7,087</u>	<u>24,715</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>17,724</u>	<u>7,087</u>	<u>24,715</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
107	1,566	1,639	Proceeds from Sale of Property, Plant & Equipment and Intangibles	107	1,566	1,639
39,900	39,900	8,000	Proceeds from Sale of Investments	39,900	39,900	8,000
(23,576)	(18,712)	(25,535)	Purchases of Property, Plant & Equipment and Intangibles	(23,576)	(18,712)	(25,535)
(38,401)	(44,900)	(12,232)	Purchases of Investments	(38,401)	(44,900)	(12,232)
<u>(21,970)</u>	<u>(22,146)</u>	<u>(28,128)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(21,970)</u>	<u>(22,146)</u>	<u>(28,128)</u>
(4,246)	(15,059)	(3,413)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,246)	(15,059)	(3,413)
107,979	107,979	111,392	Opening Cash and Cash Equivalents	107,979	107,979	111,392
<u>103,733</u>	<u>92,920</u>	<u>107,979</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>103,733</u>	<u>92,920</u>	<u>107,979</u>

The accompanying notes form part of these financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

a) The Reporting Entity

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) (the Network) was established under the provisions of the Health Services Act 1997 with effect from 1 July 2010.

The Network, as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity, comprises all the operating activities of the Hospital Facilities and the operating activities of the Hospital facilities and the NSW Newborn and Paediatric Emergency Transport Services (NETS), the Pregnancy and Newborn Service Network (PSN) and the Children's Court Clinic (CCC) under its control. It also encompasses the Restricted Assets (as disclosed in notes 14 and 22), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity which was established as a Division of the Network on 1 July 2010 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Network to exercise its functions.

As a consequence the values in the financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements 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 Network is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The reporting entity is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Chief Executive on 05-Sep-2017.

b) Basis of Preparation

The Network'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 (the Act), and the financial Reporting Directions issued by the Treasurer under the Act. The financial statements comply with the NSW Treasury mandates circular for NSW General Government Sector Entities. Further information on the adjusted budget figures can be found at Note 1(ag).

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

The Secretary of Health, the Chair of The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under the Network's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Network fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other circumstances why the going concern assumption is appropriate include:

- * Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The Network has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.
- * The Network has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Network and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

c) 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.

d) Statement of Compliance

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

e) 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).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 17.2% are applied to the value of leave payable at 30 June 2017 (comparable on-costs for 30 June 2016 were 16.7%). The Network has assessed the actuarial advice based on the Network'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 Network's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity, which is a controlled entity of the ultimate parent.

The Network 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 Network as shown in Note 24.

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

f) Insurance

The Network's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare), a controlled entity of the ultimate parent.

g) Finance Costs

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. **Summary of Significant Accounting Policies**

h) **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 Network 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).

Patient Fees

Patient fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health. Revenue is recognised on an accrual basis when the service has been provided to the patient.

Highly Specialised Drugs

Revenue for highly specialised drugs is paid by the Commonwealth in accordance with the terms of the Commonwealth agreement through Medicare and reflects the recoupment of costs incurred under Section 100 of the National Health Act 1953 for highly specialised drugs. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria are met in respect of day admitted patients, non admitted patients or patients on discharge. Revenue is recognised when the drugs have been provided to the patient.

State Insurance Regulatory Authority (SIRA)

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 vehicle accidents. The Network recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

Investment Revenue

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

Debt Forgiveness

Debts are accounted for as extinguished when and only when settlement occurs through repayment, replacement by another liability or write off in accordance with the Network's debt recovery and write off policy.

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 Network 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 the Network use in the advancement of the Network or individuals within it.

Refer to Note 7(b) for further details.

Use of Outside Facilities

The Network 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 Network 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 immediate parent on the basis of the allocation for the Network 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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

i) 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 Network 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.

j) Interstate Patient Flows

Interstate patient flows are funded through the State Pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation received from the immediate parent.

k) 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.

Some of the assets are acquired from Health Administration Corporation, a controlled entity of the immediate parent.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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.

Refer to Note 1(ad) for assets transferred as a result of equity transfer.

Land and buildings are owned by the Health Administration Corporation, an entity controlled by the immediate parent. Land and buildings which are operated/occupied by the Network are deemed to be controlled by the Network and are reflected as such in the financial statements.

l) Capitalisation Thresholds

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

m) 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 Network. 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%
Infrastructure Systems	2.5%
Plant and Equipment	
- Computer Equipment	20%
- Electro Medical Equipment	
* Costing less than \$200,000	10%
* Costing more than or equal to \$200,000	12.5%
- Furniture, Fittings and Furnishings	5%
- Motor Vehicle Sedans	12.5%
- Motor Vehicles, Trucks & Vans	20%
- Office Equipment	10%
- Plant and Machinery	10%
Leasehold Improvements	3.8%
Intangible Assets	10.0%

"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.

1. Summary of Significant Accounting Policies

n) 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 1(r).

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 19 and Note 21 for further information regarding fair value.

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.

Artworks are capitalised where their value is \$10,000 or over. The Network revalues Artworks at minimum every three years. The last revaluation of Artworks by the Network was completed in the 2014-15 financial year and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The entity 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.

o) 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.

p) 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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

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

The Network 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.

r) 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 Network does not have any property that meets the definition of Investment Property.

s) Intangible Assets

The Network recognises intangible assets only if it is probable that future economic benefits will flow to the Network 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 Network's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by the Network are recognised as intangible assets and are amortised over five to fifteen 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.

t) 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.

u) 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.

v) Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

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

w) 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. 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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
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1. Summary of Significant Accounting Policies

x) 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 Network determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

* The Network 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.

T-Corp Hour-Glass Investment facilities are managed by New South Wales Treasury Corporation, a controlled entity of the ultimate parent. The facilities are designated at fair value through profit or loss as the management and performance of these financial assets is undertaken on a fair value basis, in accordance with a documented risk management strategy. Information about these assets is provided internally to the Network's key management personnel.

The risk management strategy of the Network has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act 1987.

T Corp Hour-Glass 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 T Corp Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

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 Network 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.

y) Impairment of Financial Assets

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

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

z) 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 Network transfers the financial asset:

* where substantially all the risks and rewards have been transferred; or

* where the Network has not transferred substantially all the risks and rewards, if the Network has not retained control.

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

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
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1. Summary of Significant Accounting Policies

aa) Payables

These amounts represent liabilities for goods and services provided to the Network and other amounts. Payables are recognised initially at fair 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 Network.

ab) 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.

Borrowings include finance lease liabilities. The finance lease liability is determined in accordance with AASB 117, Leases.

ac) Fair Value Hierarchy

A number of the Network'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 Network 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 Network recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Note 21 and Note 34 for further disclosures regarding fair value measurements of financial and non-financial assets.

ad) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between entities controlled by the ultimate parent are recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Accounting 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 asset was 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 Network recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Network does not recognise that asset.

ae) 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 Network's policy on the revaluation of property, plant and equipment as discussed in Note 1(n).

(iii) Separate Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

af) Trust Funds

The Network receives monies in a trustee capacity for various trusts as set out in Note 27.

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

ag) Adjusted 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 Network's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Network's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the Network 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 and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 33.

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 *Related Party Disclosures* to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities is applicable to reporting periods beginning on or after 1 July 2016. The Entity early adopted this standard in the financial year ended 30 June 2016, which allows for exemption from making certain Level 3 'Fair Value Measurement' disclosures held primarily for current service potential rather than the generation of future net cash inflows.

(ii) Issued but not yet effective

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

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 *Statement of Cash Flows* to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 9 Financial Instruments and *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9* are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 *Financial Instruments: Recognition and Measurement* and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (<12 months) and low value leases, brought on balance sheet.

AASB 15 Revenue from Contracts with Customers (and associated amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3, AASB 2016-7 and AASB 2016-8) applies to annual periods beginning on or after 1 January 2019 for not-for-profit entities. AASB 15 establishes a contract-based five-step analysis of transactions to determine the nature, amount and timing of revenue arising from contracts with customers. This new standard requires revenue to be recognised when control of the goods or services are transferred to the customer at the transaction price. This may impact the timing of recognising certain revenue currently recognised by reference to the stage of completion of the transaction.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
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1. **Summary of Significant Accounting Policies**

AASB 1058 *Income of Not-for-Profit Entities* applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 *Contributions* and is not expected to materially impact the financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
2. Employee Related				
----	----	Salaries and Wages (including annual leave)	455,458	433,584
----	----	Superannuation - Defined Benefit Plans	4,148	4,660
----	----	Superannuation - Defined Contribution Plans	40,163	38,214
----	----	Long Service Leave	7,442	24,904
----	----	Redundancies	332	369
----	----	Workers' Compensation Insurance	2,025	2,120
----	----	Fringe Benefits Tax	49	75
-----	-----		-----	-----
<u>-----</u>	<u>-----</u>		<u>509,617</u>	<u>503,926</u>
The amounts below are capitalised and do not form part of the above total employee related costs:				
----	----	Employee Related Expenses Capitalised - Intangibles	1,731	3,153
3. Personnel Services				
455,458	433,584	Salaries and Wages	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
40,163	38,214	Superannuation - Defined Contribution Plans	----	----
(49)	1,475	Long Service Leave	----	----
332	369	Redundancies	----	----
2,025	2,120	Workers' Compensation Insurance	----	----
49	75	Fringe Benefits Tax	----	----
-----	-----		-----	-----
<u>497,978</u>	<u>475,837</u>		<u>-----</u>	<u>-----</u>
Personnel services of The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) were provided by its controlled entity, The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity.				
The amounts below are capitalised and do not form part of the above total personnel services:				
1,731	3,153	Personnel Services Expenses Capitalised - Intangibles	----	----

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
4. Other Operating Expenses				
169	145	Advertising	169	145
221	167	Auditor's Remuneration - Audit of Financial Statements	221	167
9,730	9,087	Blood and Blood Products	9,730	9,087
660	662	Consultancies	660	662
1,954	7	Contractors	1,954	7
4,779	4,821	Domestic Supplies and Services	4,779	4,821
38,363	36,561	Drug Supplies	38,363	36,561
7,088	7,157	Food Supplies	7,088	7,157
3,590	3,245	Fuel, Light and Power	3,590	3,245
5,684	6,137	Hospital Ambulance Transport Costs	5,684	6,137
9,340	8,703	Information Management Expenses	9,340	8,703
406	490	Insurance	406	490
15,752	14,042	Maintenance (See 4(b) below)	15,752	14,042
31,218	30,892	Medical and Surgical Supplies	31,218	30,892
434	443	Motor Vehicle Expenses	434	443
2,455	2,467	Postal and Telephone Costs	2,455	2,467
2,100	2,066	Printing and Stationery	2,100	2,066
760	810	Rates and Charges	760	810
2,284	861	Rental	2,284	861
1,626	1,438	Hosted Services Purchased from entities controlled by the immediate parent	1,626	1,438
21,674	20,065	Special Service Departments (Dental, Radiology, Pathology, Allied Health and other services)	21,674	20,065
4,673	4,488	Staff Related Costs	4,673	4,488
6,168	6,194	Travel Related Costs	6,168	6,194
11,839	10,789	Other (See 4(a) below)	11,839	10,789
182,967	171,737		182,967	171,737

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
4. Other Operating Expenses				
a) Other Includes:				
15	4	Contract for Patient Services	15	4
2,826	2,989	Corporate Support Services	2,826	2,989
595	544	Courier and Freight	595	544
(23)	-----	Isolated Patient Travel and Accommodation Assistance Scheme	(23)	-----
145	183	Legal Services	145	183
610	466	Membership/Professional Fees	610	466
235	265	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	235	265
62	131	Other Operating Lease Expense - Minimum Lease Payments	62	131
158	151	Quality Assurance/Accreditation	158	151
141	83	Security Services	141	83
1,203	1,271	Other Management Services	1,203	1,271
1,257	916	Intrahealth Other Expenses	1,257	916
4,615	3,786	Other Miscellaneous	4,615	3,786
<u>11,839</u>	<u>10,789</u>		<u>11,839</u>	<u>10,789</u>
b) Reconciliation of Total Maintenance				
5,307	4,933	Maintenance Contracts	5,307	4,933
4,943	3,844	New/Replacement Equipment under \$10,000	4,943	3,844
4,288	4,085	Repairs Maintenance/Non Contract	4,288	4,085
1,214	1,180	Other	1,214	1,180
15,752	14,042	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	15,752	14,042
166	211	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	166	211
<u>15,918</u>	<u>14,253</u>		<u>15,918</u>	<u>14,253</u>

Auditor's Remuneration' was paid to The Audit Office of New South Wales, an entity controlled by the ultimate parent.

The majority of 'Hospital Ambulance Transport Costs' were paid to Health Administration Corporation, which is an entity controlled by the immediate parent.

The majority of 'Information Management Expenses' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

The majority of 'Domestic Supplies and Services', 'Food Supplies', 'Corporate Support Services', were paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some of 'Drug Supplies' and 'Medical and Surgical Supplies' were paid to entities controlled by immediate parent.

The majority of 'Rates and Charges' were paid to entities controlled by ultimate parent

Some of the 'Special Service Departments' expenses were paid to the Health Administration Corporation, an entity controlled by the immediate parent.

Some 'Rental' and 'Staff Related costs' expenses were paid to entities controlled by the immediate parent.

Majority of 'Corporate Support Services expenses' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some 'Legal expenses' were paid to the Crown Solicitors Office, an entity controlled by the ultimate parent.

Some 'Other Miscellaneous expenses' were paid to the entities controlled by the immediate parent.

The majority of 'Other' under 'Maintenance' were paid to the entities controlled by the immediate parent.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
16,256	15,761	Depreciation - Buildings	16,256	15,761
7,526	7,092	Depreciation - Plant and Equipment	7,526	7,092
1,735	1,733	Depreciation - Infrastructure Systems	1,735	1,733
145	145	Amortisation - Leasehold Improvements	145	145
558	626	Amortisation - Intangible Assets	558	626
<u>26,220</u>	<u>25,357</u>		<u>26,220</u>	<u>25,357</u>
6. Grants and Subsidies				
762	729	Non-Government Organisations	762	729
2,249	1,717	Grants to Research Organisations	2,249	1,717
69	50	Grants paid to entities controlled by the ultimate parent	69	50
11,626	1,989	Grants paid to entities controlled by the immediate parent	11,626	1,989
614	971	Other Grants	614	971
<u>15,320</u>	<u>5,456</u>		<u>15,320</u>	<u>5,456</u>

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
7. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
1,724	924	Pharmacy Sales	1,724	924
2,695	2,109	Sale of Prosthesis	2,695	2,109
225	124	Other	225	124
b) Rendering of Services comprise the following:-				
		Patient Fees		
26,677	28,155	- Inpatient Fees	26,677	28,155
361	391	- Non Inpatient Fees	361	391
212	219	Staff-Meals and Accommodation	212	219
13,593	14,179	Infrastructure Fees - Monthly Facility Charge	13,593	14,179
3,144	3,507	Infrastructure Fees - Annual Charge	3,144	3,507
46	51	Cafeteria/Kiosk	46	51
2,360	2,899	Car Parking	2,360	2,899
900	879	Child Care Fees	900	879
245	9	Clinical Services (excluding Clinical Drug Trials)	245	9
3,415	2,893	Commercial Activities	3,415	2,893
42	53	Fees for Medical Records	42	53
4	4	Information Retrieval	4	4
10,472	12,136	Highly Specialised Drugs	10,472	12,136
2,783	2,324	Motor Accident Authority Third Party	2,783	2,324
6,657	6,362	Patient Transport Fees	6,657	6,362
74	70	Private Use of Motor Vehicles	74	70
210	197	Salary Packaging Fee	210	197
442	972	Services Provided to Non NSW Health Organisations	442	972
847	1,124	Other	847	1,124
77,128	79,581		77,128	79,581

The majority of 'Commercial Activities' revenue was earned from entities controlled by the immediate parent.

The majority of 'Patient Transport Fees' revenue was earned from entities controlled by the immediate parent.

8. Investment Revenue				
2,845	2,999	Interest	2,845	2,999
6,374	636	Investment Income excluding interest	6,374	636
8	12	Other	8	12
9,227	3,647		9,227	3,647

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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
9. Grants and Contributions				
1,457	2,078	Clinical Drug Trials	1,457	2,078
9,047	5,793	Commonwealth Government Grants	9,047	5,793
-----	2,430	Commonwealth Teaching Hospital Grants	-----	2,430
32,482	28,389	Industry Contributions/Donations	32,482	28,389
367	287	Cancer Institute Grants	367	287
464	468	Grants received from entities controlled by the ultimate parent	464	468
33,967	873	Grants received from entities controlled by the immediate parent	33,967	873
2,729	4,173	Research Grants	2,729	4,173
16,697	17,005	Other Grants	16,697	17,005
<u>97,210</u>	<u>61,496</u>		<u>97,210</u>	<u>61,496</u>

The Cancer Institute is an entity controlled by the immediate parent.

The majority of grants that were received from entities controlled by the ultimate parent were received from -

- Department of Family & Community Services - Ageing Disability & Home Care	419
- Department of Education	40

The majority of grants that were received from entities controlled by the immediate parent were received from -

- NSW Ministry of Health	29,543
- Health Administration Corporation	3,892
- Agency for Clinical Innovation	219
- Health Education and Training Institute	180
- South Eastern Sydney Local Health District	98
- Western Sydney Local Health District	35

10. Acceptance by the Crown Entity of Employee Benefits

The following liabilities and expenses have been assumed by the Crown Entity:

-----	-----	Superannuation-defined benefit	4,148	4,660
-----	-----	Long Service Leave	7,491	23,428
<u>-----</u>	<u>-----</u>		<u>11,639</u>	<u>28,088</u>

11. Other Revenue

Other Revenue comprises the following:-

164	186	Commissions	164	186
4,348	4,238	Conference and Training Fees	4,348	4,238
19	46	Discounts received	19	46
5	6	Insurance Refunds	5	6
678	681	Lease and Rental*	678	681
28	-----	Property not Previously Recognised	28	-----
82	82	Sale of Merchandise, Old Wares and Books	82	82
76	116	Sponsorship	76	116
2,685	3,470	Treasury Managed Fund Hindsight Adjustment	2,685	3,470
3,208	3,657	Other	3,208	3,657
<u>11,293</u>	<u>12,482</u>		<u>11,293</u>	<u>12,482</u>

Some of 'Other revenue' was received from entities controlled by the immediate parent.

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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
12. Gain / (Loss) on Disposal				
3,735	6,454	Property, Plant and Equipment	3,735	6,454
<u>(3,346)</u>	<u>(6,100)</u>	Accumulated Depreciation	<u>(3,346)</u>	<u>(6,100)</u>
389	354	Written Down Value	389	354
107	73	Proceeds from Disposal	107	73
<hr/>				
<u>(282)</u>	<u>(281)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(282)</u>	<u>(281)</u>
-----	1,336	Assets Held for Sale	-----	1,336
-----	<u>1,566</u>	Proceeds from Disposal	-----	<u>1,566</u>
<hr/>				
<u>-----</u>	<u>230</u>	Gain/(Loss) on Disposal of Assets Held for Sale	<u>-----</u>	<u>230</u>
<hr/>				
<u>(282)</u>	<u>(51)</u>	Total Gain/(Loss) on Disposal	<u>(282)</u>	<u>(51)</u>
13. Other Gains / (Losses)				
<u>(186)</u>	<u>(335)</u>	Impairment of Receivables	<u>(186)</u>	<u>(335)</u>
<u>(186)</u>	<u>(335)</u>		<u>(186)</u>	<u>(335)</u>

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14. 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	1,497	10,164	3,144	14,805
Contributions recognised in previous years which were not expended in the current reporting period	3,292	117,937	11,688	132,917
Total amount of unexpended contributions as at reporting date	<u>4,789</u>	<u>128,101</u>	<u>14,832</u>	<u>147,722</u>

Comment on restricted assets appears in Note 22

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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
15. Cash and Cash Equivalents				
7,952	14,320	Cash at Bank and On Hand	7,952	14,320
95,781	93,659	Short Term Deposits	95,781	93,659
<u>103,733</u>	<u>107,979</u>		<u>103,733</u>	<u>107,979</u>

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:

103,733	107,979	Cash and Cash Equivalents (per Statement of Financial Position)	103,733	107,979
<u>103,733</u>	<u>107,979</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>103,733</u>	<u>107,979</u>

Refer to Note 34 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
16. Receivables				
Current				
9,460	10,001	Sale of Goods and Services	9,460	10,001
6,468	5,520	Intra Health Receivables	6,468	5,520
2,090	2,170	Goods and Services Tax	2,090	2,170
3,713	5,765	Other Debtors	3,713	5,765
<u>21,731</u>	<u>23,456</u>	Sub Total	<u>21,731</u>	<u>23,456</u>
(309)	(469)	Less Allowance for Impairment	(309)	(469)
21,422	22,987	Sub Total	21,422	22,987
1,530	1,151	Prepayments	1,530	1,151
<u>22,952</u>	<u>24,138</u>		<u>22,952</u>	<u>24,138</u>

Intra Health Receivables' include amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from -

- NSW Ministry Of Health	2,335
- South Eastern Sydney Local Health District	1,408
- NSW Health Pathology	505
- Northern Sydney Local Health District	453
- South Western Sydney Local Health District	349
- Western Sydney Local Health District	297

a) Movement in the Allowance for Impairment

Sale of Goods and Services				
(427)	(331)	Balance at Commencement of Reporting Period	(427)	(331)
128	232	Amounts written off during the period	128	232
14	(328)	(Increase)/decrease in Allowance Recognised in the Net Result	14	(328)
<u>(285)</u>	<u>(427)</u>	Balance at 30 June	<u>(285)</u>	<u>(427)</u>

b) Movement in the Allowance for Impairment

Other Debtors				
(42)	(47)	Balance at Commencement of Reporting Period	(42)	(47)
-----	12	Amounts written off during the period	-----	12
18	(7)	(Increase)/decrease in Allowance Recognised in the Net Result	18	(7)
<u>(24)</u>	<u>(42)</u>	Balance at 30 June	<u>(24)</u>	<u>(42)</u>
<u>(309)</u>	<u>(469)</u>		<u>(309)</u>	<u>(469)</u>

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
		16. Receivables		
		c) The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
417	709	Patient Fees - Compensable	417	709
2,186	2,297	Patient Fees - Ineligible	2,186	2,297
3,221	3,312	Patient Fees - Inpatient & Other	3,221	3,312
<u>5,824</u>	<u>6,318</u>		<u>5,824</u>	<u>6,318</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 34.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
17. Inventories				
1,974	1,598	Drugs	1,974	1,598
4,077	3,988	Medical and Surgical Supplies	4,077	3,988
123	128	Engineering Supplies	123	128
955	816	Other Including Goods in Transit	955	816
<u>7,129</u>	<u>6,530</u>		<u>7,129</u>	<u>6,530</u>
18. Financial Assets at Fair Value				
Current				
310	271	NSW Treasury Corporation - Hour-Glass Investment Facilities	310	271
<u>310</u>	<u>271</u>		<u>310</u>	<u>271</u>
Non Current				
54,345	55,882	NSW Treasury Corporation - Hour-Glass Investment Facilities	54,345	55,882
<u>54,345</u>	<u>55,882</u>		<u>54,345</u>	<u>55,882</u>

Refer to Note 34 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
19. Property, Plant and Equipment				
Land and Buildings - Fair Value				
706,740	666,908	Gross Carrying Amount	706,740	666,908
<u>278,674</u>	<u>262,419</u>	Less: Accumulated Depreciation and Impairment	<u>278,674</u>	<u>262,419</u>
<u>428,066</u>	<u>404,489</u>	Net Carrying Amount	<u>428,066</u>	<u>404,489</u>
Plant and Equipment - Fair Value*				
145,283	135,830	Gross Carrying Amount	145,283	135,830
<u>79,648</u>	<u>75,366</u>	Less: Accumulated Depreciation and Impairment	<u>79,648</u>	<u>75,366</u>
<u>65,635</u>	<u>60,464</u>	Net Carrying Amount	<u>65,635</u>	<u>60,464</u>
Infrastructure Systems - Fair Value				
69,405	69,405	Gross Carrying Amount	69,405	69,405
<u>33,745</u>	<u>32,010</u>	Less: Accumulated Depreciation and Impairment	<u>33,745</u>	<u>32,010</u>
<u>35,660</u>	<u>37,395</u>	Net Carrying Amount	<u>35,660</u>	<u>37,395</u>
Leasehold Improvements - Fair Value*				
3,774	3,774	Gross Carrying Amount	3,774	3,774
<u>350</u>	<u>205</u>	Less: Accumulated Depreciation and Impairment	<u>350</u>	<u>205</u>
<u>3,424</u>	<u>3,569</u>	Net Carrying Amount	<u>3,424</u>	<u>3,569</u>
<u>532,785</u>	<u>505,917</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>532,785</u>	<u>505,917</u>

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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19. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2017						
Net carrying amount at start of year	30,079	374,410	60,464	37,395	3,569	505,917
Additions	-----	10,177	13,373	-----	-----	23,550
Reclassifications to Intangibles	-----	-----	(131)	-----	-----	(131)
Disposals	-----	-----	(389)	-----	-----	(389)
Transfers within NSW Health Entities through Statement of Comprehensive Income	-----	29,500	-----	-----	-----	29,500
Depreciation Expense	-----	(16,256)	(7,526)	(1,735)	(145)	(25,662)
Reclassifications	-----	156	(156)	-----	-----	-----
Net carrying amount at end of year	30,079	397,987	65,635	35,660	3,424	532,785

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2016						
Net carrying amount at start of year	30,079	384,219	48,901	39,055	3,714	505,968
Additions	-----	5,810	19,319	73	-----	25,202
Disposals	-----	-----	(354)	-----	-----	(354)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	-----	(168)	-----	-----	-----	(168)
Depreciation Expense	-----	(15,761)	(7,092)	(1,733)	(145)	(24,731)
Reclassifications	-----	310	(310)	-----	-----	-----
Net carrying amount at end of year	30,079	374,410	60,464	37,395	3,569	505,917

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 21.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the Network [see note 1(k)].
- (ii) Indices provided by Land and Property Information, a division of NSW Department of Finance and Services were not applied as as they were deemed immaterial.

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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
20. Intangible Assets				
		Software		
13,289	12,911	Cost (Gross Carrying Amount)	13,289	12,911
9,669	9,110	Less Accumulated Amortisation and Impairment	9,669	9,110
<u>3,620</u>	<u>3,801</u>	Net Carrying Amount	<u>3,620</u>	<u>3,801</u>
<u>3,620</u>	<u>3,801</u>	Total Intangible Assets at Net Carrying Amount	<u>3,620</u>	<u>3,801</u>

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20. Intangible Assets - Reconciliation

	Software \$000	Total \$000
2017		
Net carrying amount at start of year	3,801	3,801
Additions (From Internal Development or Acquired Separately)	246	246
Reclassifications from Plant & Equipment	131	131
Amortisation (Recognised in Depreciation and Amortisation)	(558)	(558)
Net carrying amount at end of year	3,620	3,620

	Software \$000	Total \$000
2016		
Net carrying amount at start of year	4,079	4,079
Additions (From Internal Development or Acquired Separately)	348	348
Amortisation (Recognised in Depreciation and Amortisation)	(626)	(626)
Net carrying amount at end of year	3,801	3,801

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21. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels.

a) Fair Value Hierarchy

2017	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)				
- Land and Buildings	----	----	381,036	381,036
- Infrastructure Systems	----	----	35,660	35,660
- Artworks	----	2,350	----	2,350
	-----	-----	-----	-----
	-----	2,350	416,696	419,046

There were no transfers between level 1 and 2 during the year ended 30 June 2017.

Work in Progress and Newly Completed Projects are carried at cost, therefore excluded from figures above and as a result will not agree to Note 19.

2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)				
- Land and Buildings	----	----	396,728	396,728
- Infrastructure Systems	----	----	37,395	37,395
Artworks	----	2,296	----	2,296
	-----	-----	-----	-----
	-----	2,296	434,123	436,419

There were no transfers between level 1 and 2 during the year ended 30 June 2016.

Work in Progress and Newly Completed Projects are carried at cost, therefore excluded from figures above and as a result will not agree to Note 19.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the Network obtains external valuations by independent valuers at least every three years. The last revaluation was performed in the 2014/15 financial year by an independent valuer, Mr Andor Kabok, Registered Valuer No.16545, working on behalf of Land and Property Information, a division of NSW Department of Finance and Services, not an employee of the Network.

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 19 reconciliation.

For Artworks, the Network obtains independent external valuations every three years. The last valuation was performed in the 2014/15 financial year by an independent valuer, Ms. Adrienne Carlson, an approved valuer under the Commonwealth Government Cultural Gifts Program not an employee of the Network

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

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21. Fair Value Measurement of Non-Financial Assets

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.

All 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.

For Artworks, the valuation is made on a market approach, comparing the then current pricings of comparable works, auction sales records particularly in relation to works by senior artists or those artists who had an established proven secondary market presence and information gathered from primary art dealers, dependent on the particular circumstances. These valuations have since been included in level 2.

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21. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2017	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2016	396,728	37,395	434,123
Depreciation	(15,692)	(1,735)	(17,427)
Fair value as at 30 June 2017	<u>381,036</u>	<u>35,660</u>	<u>416,696</u>
2016	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2015	412,291	39,055	451,346
Additions	168	73	241
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	(168)	-----	(168)
Transfers from Level 2	193	-----	193
Depreciation	(15,756)	(1,733)	(17,489)
Fair value as at 30 June 2016	<u>396,728</u>	<u>37,395</u>	<u>434,123</u>

Transfers from Level 2 mainly relate to assets initially recognised at cost (e.g. Work in Progress) which have in the current year, been subject to asset revaluations consistent with the specialised nature/use of the assets.

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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
22. Restricted Assets				
<p>The Network'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.</p>				
Category				
78,119	86,410	Specific Purposes	78,119	86,410
10,973	10,921	Perpetually Invested Funds	10,973	10,921
43,798	43,010	Research Grants	43,798	43,010
14,832	14,199	Private Practice Funds	14,832	14,199
<hr style="border: none; border-top: 1px solid black; margin: 0;"/>	<hr style="border: none; border-top: 1px solid black; margin: 0;"/>		<hr style="border: none; border-top: 1px solid black; margin: 0;"/>	<hr style="border: none; border-top: 1px solid black; margin: 0;"/>
147,722	154,540		147,722	154,540

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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
		23. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	13,566	12,175
-----	-----	Taxation and Payroll Deductions	1,700	1,580
15,266	13,755	Accrued Liability - Purchase of Personnel Services	-----	-----
17,580	15,084	Creditors	17,580	15,084
		Other Creditors		
16,033	13,292	- Payables to entities controlled by the immediate parent	16,033	13,292
2,788	3,057	- Other	2,788	3,057
<u>51,667</u>	<u>45,188</u>		<u>51,667</u>	<u>45,188</u>

The majority of 'Payables to entities controlled by the immediate parent' relate to balances payable to -

South Eastern Sydney Local Health District	10,680
- NSW Ministry of Health	1,778
- Health Administration Corporation	1,449
- Western Sydney Local Health District	1,367
- Sydney Local Health District	414
- Northern Sydney Local Health District	250

Some of 'other creditors - other' relate to balances payable to entities controlled by ultimate parent -

- Audit Office of New South Wales	135
- Sydney Water Corporation	54
- Department of Justice	15

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 34.

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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
24. Provisions				
Current				
-----	-----	Annual Leave - Short Term Benefit	48,274	45,164
-----	-----	Annual Leave - Long Term Benefit	23,258	24,131
-----	-----	Long Service Leave Consequential On-Costs	11,257	11,301
82,789	80,596	Provision for Personnel Services Liability	-----	-----
778	-----	Other	778	-----
<u>83,567</u>	<u>80,596</u>		<u>83,567</u>	<u>80,596</u>
Non-Current				
-----	-----	Long Service Leave Consequential On-Costs	979	983
979	983	Provision for Personnel Services Liability	-----	-----
<u>979</u>	<u>983</u>		<u>979</u>	<u>983</u>
Aggregate Employee Benefits and Related On-Costs				
-----	-----	Provisions - Current	83,567	80,596
-----	-----	Provisions - Non-Current	979	983
-----	-----	Accrued Salaries, Wages and On-Costs (Note 23)	15,266	13,755
99,812	95,334	Liability - Purchase of Personnel Services	-----	-----
<u>99,812</u>	<u>95,334</u>		<u>99,812</u>	<u>95,334</u>
25. Other Liabilities				
Current				
2,589	2,798	Income in Advance	2,589	2,798
<u>2,589</u>	<u>2,798</u>		<u>2,589</u>	<u>2,798</u>

Income in Advance represents fees received in advance from customers and students for which services are rendered after 30 June 2017.

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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
26. Commitments for Expenditure				
a) Capital Commitments				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems, and intangible assets, contracted for at balance date and not provided for:				
21,441	25,369	Not later than one year	21,441	25,369
7	-----	Later than one year and not later than five years	7	-----
<u>21,448</u>	<u>25,369</u>	Total Capital Expenditure Commitments (Including GST)	<u>21,448</u>	<u>25,369</u>
The majority of 'capital commitments' contracted but not provided for related to capital works overseen by the Health Administration Corporation, an entity controlled by the immediate parent.				
b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
1,416	657	Not later than one year	1,416	657
2,228	871	Later than one year and not later than five years	2,228	871
388	-----	Later than five years	388	-----
<u>4,032</u>	<u>1,528</u>	Total Operating Lease Commitments (Including GST)	<u>4,032</u>	<u>1,528</u>
The operating lease commitments above are for motor vehicles, properties used for service delivery and equipment including medical equipment and other equipment.				
Some 'operating lease commitments' contracted but not provided for related to the leases with the Northern Sydney Local Health District and with the NSW Ministry of Health, entities controlled by the immediate parent.				
c) Contingent Asset Related to Commitments for Expenditure				
The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of \$25.5 million as at 30 June 2017 includes input tax credits of \$2.32 million that are expected to be recoverable from the Australian Taxation Office (2016 \$2.45 million).				

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT & CONSOLIDATION

27. Trust Funds

The Network holds trust funds of \$524 thousand which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

These funds are excluded from the financial statements as the Network 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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Balance at the beginning of the financial year	1,377	1,087	1,377	1,087
Revenue	23,535	25,613	23,535	25,613
Expenses	(24,388)	(25,323)	(24,388)	(25,323)
Balance at the end of the financial year	524	1,377	524	1,377

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28. Contingent Assets

The Network estimates the value of contingent assets it may come to possess in the period after 30 June 2017 to be approximately \$9.0 million. These relate to notified bequests awaiting granting of probate and in some cases bequests that are currently contested.

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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
29. Reconciliation of Cash Flows from Operating Activities to Net Result				
17,724	24,715	Net Cash Flows from Operating Activities	17,724	24,715
(26,220)	(25,357)	Depreciation and Amortisation	(26,220)	(25,357)
(186)	(335)	Allowance for Impairment	(186)	(335)
208	(444)	(Increase)/ Decrease Income in Advance	208	(444)
(2,967)	(4,951)	(Increase)/ Decrease in Provisions	(2,967)	(4,951)
(360)	(857)	Increase / (Decrease) in Prepayments and Other Assets	(360)	(857)
(6,518)	(6,209)	(Increase)/ Decrease in Payables from Operating Activities	(6,518)	(6,209)
(282)	(51)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(282)	(51)
29,720	14	Assets donated or brought to account for the first time	29,720	14
<u>11,119</u>	<u>(13,475)</u>	Net Result	<u>11,119</u>	<u>(13,475)</u>
30. Non-Cash Financing and Investing Activities				
29,720	14	Assets Received by Donation	29,720	14
<u>29,720</u>	<u>14</u>		<u>29,720</u>	<u>14</u>
31. 2016/17 Voluntary Services				
<p>It is considered impracticable and immaterial to quantify the monetary value of voluntary services provided to the Network. Services provided include:</p> <ul style="list-style-type: none"> - Chaplaincies and Pastoral Care - Pink Ladies/Hospital Auxiliaries - Patient Support Groups - Community Organisations - Patient & Family Support - Patient Services, Fund Raising - Practical Support to Patients and Relatives - Counselling, Health Education, Transport, Home Help & Patient Activities 				
32. Unclaimed Monies				
<p>Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the <i>Industrial Relations Act, 1996</i>.</p> <p>All money and personal effects of patients which are left in the custody of the Network by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of the Network.</p> <p>All such money and the proceeds of the realisation of any personal effects are lodged to the credit of the Samaritan Fund which is used specifically for the benefit of necessitous patients or necessitous outgoing patients.</p>				

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PARENT AND CONSOLIDATION

33. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$2 million, primarily due to:

The revenue was higher than adjusted budget by \$9 million, partially offset by higher than adjusted budget expenditure of \$7 million. The main contributors to the higher than adjusted budget revenue were - Grants and Contributions \$12 million and Investment Revenue \$6 million, offset by \$6 million lower than budgeted Other Revenue and \$ 2 million for Sale of Goods and Services.

The variance of \$7 million in expenditure compared to adjusted budget was mainly due to higher than budgeted expenditure on account of Other Operating Expenses \$5 million and Employee Related expenses \$2 million.

Assets and Liabilities

The Net Assets were higher than adjusted budget by \$2 million. This was mainly due to higher than budget Total Assets of \$10 million partially offset by higher than budget Total Liabilities of \$8 million. The variance of \$10 million in Total Assets mainly comprised of higher than budget balance of operating Cash and Cash Equivalents of \$11 million, lower than budget balance of \$7 million relating to Non-current Financial Assets and higher than budget balance of Property, Plant & Equipment of \$6 million. The \$8 million variance in liabilities was mainly due to higher than budget Payables and provisions for employee benefits of \$6 million and \$2 million respectively.

Cash Flows

Cashflows were higher than adjusted budget by \$11 million. The main contributors to this variance were Net Cashflows from Operating Activities, comprising of \$12 million higher than budget receipts on account of Grants and Contributions and \$3 million on account of Interest Received and \$4 million lower than budget Other Receipts. There were no major variances between the budget and actual payments for operating activities and in relation to cashflows from investing activities.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2016 are as follows:

	\$000
Initial Allocation	500,901
Award Increases	20,770
Special Projects:	
Integrated Care Demonstrator Prog	3,047
High Cost Blood Products	1,748
Nursing and Midwifery Strategy	452
Treasury Managed Fund - Adjustment	(6)
Joint Investigation Response Team	222
Other:	
National Specialty Centre - Liver Transplants & Norwood Procedures	10,765
Palliative Care	1,282
Bed Replacement	714
Paediatric Epilepsy Medicinal Cannabis Program	531
Organ and Tissue	281
RESUS4KIDS	238
Workplace Culture and Safety	189
Whole of Health Program	120
Youth Addiction Fellowship	100
Others	43
	541,397
Balance as per Statement of Comprehensive Income	541,397

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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34. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2017 \$000	2016 \$000
Cash and Cash Equivalents (note 15)	N/A	103,733	107,979
Receivables (note 16)*	Loans and receivables (at amortised cost)	19,332	20,817
Financial Assets at Fair Value (note 18)	At fair value through profit or loss (designated as such upon initial recognition)	54,655	56,153
		177,720	184,949
Financial Liabilities			
Payables (note 23)**	Financial liabilities measured at amortised cost	49,967	43,608
		49,967	43,608

Notes

* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures).

(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 Network. 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 Network, including cash, receivables and authority deposits. No collateral is held by the Network. The Network has not granted any financial guarantees.

Credit risk associated with the Network'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 2.75% in 2016/17 compared to 2.87% in the previous year.

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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34. Financial Instruments

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 Network 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 Network 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 (2017: \$10.2M ; 2016: \$9.1M) and not more than 3 months past due (2017: \$1.6M ; 2016: \$2.4M) are not considered impaired.

In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the Network's debtors are health insurance companies or compensation insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2017	\$000	\$000	\$000
<3 months overdue	1,683	1,640	43
3 months - 6 months overdue	637	512	125
> 6 months overdue	647	506	141
2016			
<3 months overdue	2,379	2,350	29
3 months - 6 months overdue	714	501	213
> 6 months overdue	756	529	227

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 AASB7 Financial Instruments Disclosures 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.

Authority Deposits

The Network 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 2.30% (2016: 1.94%), while over the year the weighted average interest rate was 2.38% (2016: 2.45%) on a weighted average balance during the year of \$959,074 (2016: \$1,599,870). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the Network will be unable to meet its payment obligations when they fall due. The Network 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 Network 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 Network 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 Network 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 1).

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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34. Financial Instruments

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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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34. Financial Instruments

The table below summarises the maturity profile of the Network'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	Non - Interest Bearing	< 1 Yr
2017	\$000	\$000	\$000
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	13,566	13,566	13,566
- Creditors	36,401	36,401	36,401
	49,967	49,967	49,967
2016			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	12,175	12,175	12,175
- Creditors	31,433	31,433	31,433
	43,608	43,608	43,608

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 Network 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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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34. Financial Instruments

(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 Network's exposures to market risk are primarily through interest rate risk on the Network's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Network has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result 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 Network 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 2016. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

Both NSW Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Network 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 net result 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.

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

	Carrying Amount	-1% Net Result	Equity	+1% Net Result	Equity
2017	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and Cash Equivalents	103,733	(1,037)	(1,037)	1,037	1,037
Receivables	19,332	-----	-----	-----	-----
Financial Assets at Fair Value	54,655	(547)	(547)	547	547
Financial Liabilities					
Payables*	49,967	-----	-----	-----	-----
2016					
Financial Assets					
Cash and Cash Equivalents	107,979	(1,080)	(1,080)	1,080	1,080
Receivables	20,817	-----	-----	-----	-----
Financial Assets at Fair Value	56,153	(562)	(562)	562	562
Financial Liabilities					
Payables*	43,608	-----	-----	-----	-----

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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Other price risk - TCorp Hour-Glass Investment facilities

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

Facility	Investment Sectors	Investment Horizon	2017 \$000	2016 \$000
Cash facility	Cash and money market instruments	Up to 1.5 years	310	271
Long-term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	54,345	55,882

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, NSW TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. NSW 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 Network'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). NSW 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 NSW TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

Impact on net result	Change in unit price	2017 \$000	2016 \$000
Hour-Glass Investment - Cash facility	+/- 1%	3	3
Hour-Glass Investment - Long-term growth facility	+/- 16%	8,695	8,941

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the NSW 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.

Therefore the fair value of the financial instruments do not differ from the carrying amount.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2017 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	54,655	-----	54,655
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	56,153	-----	56,153

(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 2017.

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

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35. Related Party Transactions

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Key management personnel compensation is as follows:

	2017
	<u>\$000</u>
Short-term employee benefits	486
Post-employment benefits	55
Other long-term benefits	0
Termination benefits	0
	<u>541</u>

During the financial year, The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) obtained key management personnel services from the immediate parent and incurred \$ 0.49 million for these services.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Transactions with key management personnel and their close family members

There were no transactions with the key management personnel and their close family members during the financial year.

There were no transactions with the ultimate parent during the financial year.

36. Events After the Reporting Period

No matters have arisen subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS