

Health Education & Training Institute (HETI)

Financial Statements

for the year ended 30 June 2018



INDEPENDENT AUDITOR'S REPORT

Health Education and Training Institute

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Health Education and Training Institute (the Institute), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Institute and the consolidated entity. The consolidated entity comprises the Institute 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 Institute as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

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 Institute 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 fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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 – Presentation of Budget Information

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

Other Information

Other information comprises the information included in the Institute's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive of the Institute is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Certification of the Financial Statements.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive's Responsibilities 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Institute's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Institute will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities 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: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Institute carried out its 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.

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan
Director, Financial Audit Services

26 September 2018
SYDNEY

**Health Education and Training Institute
Certification of the Financial Statements
for the year ended 30 June 2018**

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

- 1) The financial statements of the Health Education and Training Institute for the year ended 30 June 2018 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 (PFAA)*, the *Public Finance and Audit Regulation 2015 (Regulation)*; and
 - c) Financial Reporting Directions mandated by the Treasurer.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Education and Training Institute; and
- 3) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Margaret Crowley
Acting Chief Executive
21 September 2018

Health Education and Training Institute
Statement of Financial Position as at 30 June 2018

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2018 \$000	2018 \$000	2017 \$000		2018 \$000	2018 \$000	2017 \$000
ASSETS						
Current Assets						
1,547	400	5,012		1,547	400	5,012
1,321	1,333	1,633	13	1,321	1,333	1,633
2,868	1,733	6,645	14	2,868	1,733	6,645
11	----	----		11	----	----
<u>2,879</u>	<u>1,733</u>	<u>6,645</u>		<u>2,879</u>	<u>1,733</u>	<u>6,645</u>
Non-Current Assets Held for Sale						
Total Current Assets						
Non-Current Assets						
68	----	----		68	----	----
1,255	1,272	1,267	14	1,255	1,272	1,267
331	384	383	15	331	384	383
1,586	1,656	1,650	15	1,586	1,656	1,650
141	111	111	16	141	111	111
<u>1,795</u>	<u>1,767</u>	<u>1,761</u>		<u>1,795</u>	<u>1,767</u>	<u>1,761</u>
<u>4,674</u>	<u>3,500</u>	<u>8,406</u>		<u>4,674</u>	<u>3,500</u>	<u>8,406</u>
LIABILITIES						
Current Liabilities						
4,619	4,307	3,512		4,619	4,307	3,512
2,566	2,598	2,102	18	2,566	2,598	2,102
611	610	386	19	611	610	386
<u>7,796</u>	<u>7,515</u>	<u>6,000</u>	20	<u>7,796</u>	<u>7,515</u>	<u>6,000</u>
Non-Current Liabilities						
34	34	23		34	34	23
<u>34</u>	<u>34</u>	<u>23</u>	19	<u>34</u>	<u>34</u>	<u>23</u>
<u>7,830</u>	<u>7,549</u>	<u>6,023</u>		<u>7,830</u>	<u>7,549</u>	<u>6,023</u>
<u>(3,156)</u>	<u>(4,049)</u>	<u>2,383</u>		<u>(3,156)</u>	<u>(4,049)</u>	<u>2,383</u>
EQUITY						
(3,156)	(4,049)	2,383		(3,156)	(4,049)	2,383
<u>(3,156)</u>	<u>(4,049)</u>	<u>2,383</u>		<u>(3,156)</u>	<u>(4,049)</u>	<u>2,383</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Changes in Equity for the year ended 30 June 2018

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2017		2,383	2,383
Total Equity at 1 July 2017		<u>2,383</u>	<u>2,383</u>
Net Result for the year		<u>(5,539)</u>	<u>(5,539)</u>
Total Other Comprehensive Income		-----	-----
Total Comprehensive Income for the year		<u>(5,539)</u>	<u>(5,539)</u>
Balance at 30 June 2018		<u>(3,156)</u>	<u>(3,156)</u>
Balance at 1 July 2016		(3,072)	(3,072)
Total Equity at 1 July 2016		<u>(3,072)</u>	<u>(3,072)</u>
Net Result for the year		<u>1,401</u>	<u>1,401</u>
Total Other Comprehensive Income		-----	-----
Total Comprehensive Income for the year		<u>1,401</u>	<u>1,401</u>
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	24	<u>4,054</u>	<u>4,054</u>
Balance at 30 June 2017		<u>2,383</u>	<u>2,383</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Cash Flows for the year ended 30 June 2018

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2018 \$000	2018 \$000	2017 \$000		2018 \$000	2018 \$000	2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
----	----	----	Employee Related	(19,124)	(20,466)	(18,356)
(19,239)	(18,046)	----	Suppliers for Goods and Services	(19,239)	(18,046)	----
(8,719)	(8,422)	(12,897)	Grants and Subsidies	(8,719)	(8,422)	(12,897)
(19,124)	(20,466)	(35,882)	Other	----	----	(17,526)
<u>(47,082)</u>	<u>(46,934)</u>	<u>(48,779)</u>	Total Payments	<u>(47,082)</u>	<u>(46,934)</u>	<u>(48,779)</u>
Receipts						
33,188	33,188	37,845	NSW Ministry of Health Recurrent Allocations	33,188	33,188	37,845
77	77	----	NSW Ministry of Health Capital Allocations	77	77	----
134	133	151	Reimbursements from the Crown Entity	134	133	151
4,333	3,848	4,942	Sale of Goods and Services	4,333	3,848	4,942
3,853	3,278	3,785	Grants and Other Contributions	3,853	3,278	3,785
2,238	2,068	1,739	Other	2,238	2,068	1,739
<u>43,823</u>	<u>42,592</u>	<u>48,462</u>	Total Receipts	<u>43,823</u>	<u>42,592</u>	<u>48,462</u>
<u>(3,259)</u>	<u>(4,342)</u>	<u>(317)</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(3,259)</u>	<u>(4,342)</u>	<u>(317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
73	----	----	Proceeds from Sale of Property, Plant & Equipment and Intangibles	73	----	----
(279)	(270)	(85)	Purchases of Property, Plant & Equipment and Intangibles	(279)	(270)	(85)
<u>(206)</u>	<u>(270)</u>	<u>(85)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(206)</u>	<u>(270)</u>	<u>(85)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES						
----	----	----	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,465)	(4,612)	(402)
(3,465)	(4,612)	(402)	Opening Cash and Cash Equivalents	5,012	5,012	1,662
5,012	5,012	1,662	Cash Transferred In/(Out) as a Result of Administrative Restructuring	----	----	3,752
----	----	3,752		----	----	3,752
<u>1,547</u>	<u>400</u>	<u>5,012</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>1,547</u>	<u>400</u>	<u>5,012</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

a) The Reporting Entity

The Health Education and Training Institute (the Institute) was established under the provisions of the Health Services Act 1997 with effect from 2 April 2012.

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

- * The parent entity, comprises all the operating activities of the Health Education and Training Institute
- * The Health Education and Training Institute Special Purpose Service Entity, which was established as a Division of the Institute on 2 April 2012 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Institute 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 Institute 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 2018 have been authorised for issue by the Chief Executive on 21 September 2018.

b) Basis of Preparation

The Institute'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 the Public Finance and Audit Regulation 2015, and Financial Reporting Directions mandated by the Treasurer. 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(aa).

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

The Secretary of NSW Health and the Chief Executive, have agreed to service and funding levels for the forward financial year. The Performance Agreement sets out the level of financial resources for public health services under the Institute's control and the source of these funds. By agreement, the Performance Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet Performance Agreement performance standards, the NSW 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 NSW Ministry of Health.

Other mitigating 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 Institute has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.
- * The Institute has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Institute and assist in meeting its overall budget target. The EIP is monitored and evaluated by the NSW Ministry of Health 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.

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. The comparative period is a twelve month period.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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 and Wages, Annual Leave, Sick Leave, Allocated Days Off (ADO) 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 and ADO are not expected to be settled wholly before 12 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 16.1% are applied to the value of leave payable at 30 June 2018 (comparable on-costs for 30 June 2017 were 15.8%). The Institute has assessed the actuarial advice based on the Institute's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial to annual leave. All annual leave and ADO are classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity does not have an unconditional right to defer settlement.

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 Institute'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 Institute 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 Institute as shown in Note 19.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year 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 Institute 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 Institute'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) Grants and Subsidies

Grant and subsidies expense generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grant and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. **Statement of Significant Accounting Policies**

h) **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 general government sector entities.

i) **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 Institute 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).

Grants and Other Contributions

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

Investment Revenue

Interest revenue is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Debt Forgiveness

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

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health, the immediate parent, on the basis of the allocation for the Institute 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 NSW Ministry of Health. Allocations are normally recognised upon the receipt of cash.

j) **Accounting for the Goods & Services Tax (GST)**

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

* amount of GST incurred by the Institute 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.

k) **Acquisition of Property, Plant and Equipment**

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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.

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

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(y) for assets transferred as a result of equity transfer.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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 Institute are deemed to be controlled by the Institute and are reflected as such in the financial statements.

l) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

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 Institute. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

	2018	2017
Computer Equipment	20.0%	20.0%
Motor Vehicle Sedans	12.5%	12.5%
Motor Vehicles, Trucks & Vans	20.0%	20.0%
Office Equipment	10.0%	10.0%
Plant and Machinery	10.0%	10.0%
Furniture, Fittings and Furnishings	5.0%	5.0%
Leasehold Improvements	10.0%	10.0%

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

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.

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.

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 Impairment of Assets 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

On initial recognition, the present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

The Institute has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

r) Intangible Assets

The Institute recognises intangible assets only if it is probable that future economic benefits will flow to the Institute 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.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. **Statement of Significant Accounting Policies**

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

Computer software developed or acquired by the Institute are recognised as intangible assets and are amortised over seven 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.

s) **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.

t) **Loans and Receivables**

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

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

u) **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.

v) **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 Institute transfers the financial asset:

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

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

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. **Statement of Significant Accounting Policies**

w) **Payables**

These amounts represent liabilities for goods and services provided to the Institute and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

x) **Fair Value Hierarchy**

A number of the Institute'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.

For non-specialised assets with short useful lives, AASB 13 Fair Value Measurement allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant & Equipment and Leasehold Improvements are not required to be reported under the fair value hierarchy.

y) **Equity Transfers**

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

z) **Equity and Reserves**

Accumulated Funds

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

aa) **Adjusted Budget 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 Institute'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 Institute's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Performance Agreements between the Institute 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".

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 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 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 Statement of Cash Flows applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(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 the Institute have not been applied and are not yet effective. The possible impact of these Accounting Standards in the period of initial application includes:

AASB 9 Financial Instruments applies to annual periods beginning on or after 1 January 2018. AASB 9 Financial Instruments 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 Financial Instruments also introduces a forward-looking 'expected credit losses' impairment model, which may impact the timing and amount of impairment recognition.

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 Leases will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117 Leases. Lessors will continue to classify all leases using the same classification as in AASB 117 Leases and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

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 Revenue from Contracts with Customers 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.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement 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 Income of Not-for-Profit Entities 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 these financial statements.

AASB 1059 Service Concession Arrangements is applicable to public sector entities only and requires the grantor to recognise a service concession asset in a service concession arrangement where it controls the asset. A corresponding financial liability and/or grant of right liability is also recognised depending on the nature of the consideration exchanged. Service concession assets (including those provided by the operator, an upgrade to or a major component replacement of an existing asset of the grantor; and existing assets of the grantor – also applicable to previously unrecognised intangible assets except goodwill) are initially measured at current replacement cost based on AASB 13 Fair Value Measurement principles. They are subsequently accounted for under AASB 116 Property, Plant & Equipment or AASB 138 Intangible Assets. Service concession liabilities are initially measured at the same amount as the service concession asset and subsequently measured using either the “financial liability” model applying AASB 9 Financial Instruments or, the “grant of right” model under AASB 1059 Service Concession Arrangements. AASB 1059 Service Concession Arrangements requires retrospective application.

Overview of Assessment Activities

NSW Health designed a project roadmap to implement the above five new accounting standards by its application date. The project consists of 4 phases: Scoping, Data gathering, In Depth Analysis and Implementation. Scoping phase was completed and data gathering has begun. An external project consultant and project manager will be appointed, and various steering committees and project teams will be internally formed as part of the implementation project. Central high level estimates on the impact of the new accounting standards were also calculated and reported to NSW Treasury by the central team at the NSW Ministry of Health. Further details are available in the NSW Ministry of Health’s consolidated financial statements.

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

Potential Impact on The Institute's Financial Report

While the consolidated entity is yet to undertake a detailed assessment of the classification and measurement of all of the accounting standards, the following general impacts are expected from the work conducted so far:

Leases

- * The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.
- * Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.
- * Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.
- * Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

- * The deferral of some revenues of the Institute.
- * Impact on the estimates and judgements involved in the unbilled revenue process.
- * Specific quantitative and qualitative disclosures may be required under AASB 15 Revenue from Contracts with Customers.

Financial Instruments

- * The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred

Service Concession Arrangements

- * No significant impact expected on The Institute.

Application Date

- * The Institute plans to adopt the new standards on the required effective date in line with the NSW Treasury’s instructions.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		2. Employee Related Expenses		
----	----	Salaries and Wages (including annual leave and ADO)	17,803	16,492
----	----	Superannuation - Defined Benefit Plans	79	73
----	----	Superannuation - Defined Contribution Plans	1,496	1,367
----	----	Long Service Leave	1,244	61
----	----	Redundancies	----	313
----	----	Workers' Compensation Insurance	51	47
----	----	Fringe Benefits Tax	7	----
----	----		20,680	18,353
----	----		20,680	18,353
		3. Personnel Services		
17,803	16,492	Salaries and Wages	----	----
1,496	1,367	Superannuation - Defined Contribution Plans	----	----
125	(7)	Long Service Leave	----	----
----	313	Redundancies	----	----
51	47	Workers' Compensation Insurance	----	----
7	----	Fringe Benefits Tax	----	----
19,482	18,212		----	----
19,482	18,212		----	----

Personnel services of Health Education and Training Institute was provided by its controlled entity, Health Education and Training Institute Special Purpose Service Entity.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		4. Other Expenses		
181	42	Advertising	181	42
53	50	Auditor's Remuneration - Audit of Financial Statements	53	50
766	636	Consultancies	766	636
3,865	2,814	Contractors (including Higher Education)	3,865	2,814
104	69	Domestic Supplies and Services	104	69
220	113	Food Supplies	220	113
49	24	Fuel, Light and Power	49	24
1,632	1,377	Information Management Expenses	1,632	1,377
9	8	Insurance	9	8
682	191	Maintenance (See 4(b) below)	682	191
64	53	Motor Vehicle Expenses	64	53
260	127	Postal and Telephone Costs	260	127
543	309	Printing and Stationery	543	309
12	13	Rates and Charges	12	13
421	413	Rental	421	413
629	670	Staff Related Costs	629	670
3,009	2,341	Training Expenses	3,009	2,341
1,301	1,182	Travel Related Costs	1,301	1,182
5,212	3,831	Other (See 4(a) below)	5,212	3,831
<u>19,012</u>	<u>14,263</u>		<u>19,012</u>	<u>14,263</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		4. Other Expenses		
		a) Other Includes:		
1,463	813	Audiovisual	1,463	813
237	214	Corporate Support Services	237	214
6	7	Courier and Freight	6	7
----	3	Legal Services	----	3
88	89	Membership/Professional Fees	88	89
18	24	Quality Assurance/Accreditation	18	24
1	1	Security Services	1	1
2,568	1,890	Other Management Services	2,568	1,890
831	790	Other Miscellaneous	831	790
5,212	3,831		5,212	3,831
		b) Reconciliation of Total Maintenance		
124	24	Maintenance Contracts	124	24
487	155	New/Replacement Equipment under \$10,000	487	155
71	11	Repairs Maintenance/Non Contract	71	11
----	1	Other	----	1
682	191	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	682	191
682	191		682	191

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

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

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

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
165	217	Depreciation - Plant and Equipment	165	217
53	51	Amortisation - Leasehold Improvements	53	51
40	152	Amortisation - Intangible Assets	40	152
<hr/>	<hr/>		<hr/>	<hr/>
258	420		258	420
6. Grants and Subsidies				
5	-----	Non-Government Organisations	5	-----
5	39	Grants to Research Organisations	5	39
2,531	3,235	Grants paid to entities controlled by the immediate parent	2,531	3,235
999	1,228	Leadership Program	999	1,228
228	1,942	NSW Nursing & Midwifery Education Contract	228	1,942
606	2,212	Other Grants	606	2,212
3,731	3,357	Scholarships & Sponsorships	3,731	3,357
<hr/>	<hr/>		<hr/>	<hr/>
8,105	12,013		8,105	12,013

The majority of grants paid to entities controlled by the immediate parent were paid to:

- Hunter New England Local Health District
- Sydney Local Health District
- South Eastern Sydney Local Health District
- Western NSW Local Health District

The majority of Leadership Program grants were paid to the entities controlled by the immediate parent.

Some of the Other Grants were paid to the Nepean Blue Mountains Local Health District, an entity controlled by the immediate parent.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
7. Sale of Goods and Services				
1,267	516	Australian Mental Health Outcomes & Classification Network (AMHOCN)	1,267	516
8	2	Commercial Activities	8	2
553	560	Conference and Training Fees	553	560
825	487	Higher Education Course Fees	825	487
13	13	Private Use of Motor Vehicles	13	13
----	1,722	NSW Institute of Psychiatry Agreement	----	1,722
1,369	1,357	Other	1,369	1,357
<u>4,035</u>	<u>4,657</u>		<u>4,035</u>	<u>4,657</u>

NSW Institute of Psychiatry (NSWIOP) Agreement revenue was earned from an entity controlled by the ultimate parent.

The majority of Other revenue related to the development of learning modules and participant training fees; was earned from 'NSW Ministry of Health, eHealth NSW and The Sydney Children's Hospital Network', entities controlled by the ultimate and immediate parent.

8. Investment Revenue				
1	6	Royalties	1	6
<u>1</u>	<u>6</u>		<u>1</u>	<u>6</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		9. Grants and Other Contributions		
293	323	Commonwealth Government Grants	293	323
120	120	Cancer Institute Grants	120	120
3,341	3,235	Grants & Contributions received from entities controlled by the immediate parent	3,341	3,235
71	79	Other Grants	71	79
3,825	3,757		3,825	3,757
		The Cancer Institute is an entity controlled by the immediate parent.		
		The majority of Commonwealth Government Grants that were received from entities controlled by the ultimate parent were received from:		
		- The Department of Prime Minister and Cabinet		
		- Health Community & Disability Services Ministerial Council.		
		The majority of grants and contributions that were received from entities controlled by the immediate parent were received from:		
		- South Eastern Sydney Local Health District		
		- Western Sydney Local Health District.		
		10. Acceptance by the Crown Entity of Employee Benefits		
		The following liabilities and expenses have been assumed by the Crown		
----	----	Superannuation-defined benefit	79	73
----	----	Long Service Leave	1,119	68
----	----		1,198	141
----	----		1,198	141
		11. Other Income		
		Other Income comprises the following:-		
----	1	Bad Debts Recovered	----	1
29	----	Insurance Refunds	29	----
11	5	Lease and Rental*	11	5
12	19	Sponsorship	12	19
111	26	Other	111	26
163	51		163	51

*Some 'Lease and Rental' revenue was received from entities controlled by the immediate parent.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		12. Gain / (Loss) on Disposal		
252	----	Property, Plant and Equipment	252	----
(208)	----	Accumulated Depreciation	(208)	----
44	----	Written Down Value	44	----
73	----	Proceeds from Disposal	73	----
<u>29</u>	<u>----</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>29</u>	<u>----</u>
<u>----</u>	<u>----</u>	Gain/(Loss) on Disposal of Financial Assets at Fair Value	<u>----</u>	<u>----</u>
----	7	Intangible Assets	----	7
----	----	Proceeds from Disposal	----	----
<u>----</u>	<u>(7)</u>	Gain/(Loss) on Disposal of Intangible Assets	<u>----</u>	<u>(7)</u>
<u>----</u>	<u>----</u>	Gain/(Loss) on Disposal of Assets Held for Sale	<u>----</u>	<u>----</u>
<u>29</u>	<u>(7)</u>	Total Gain/(Loss) on Disposal	<u>29</u>	<u>(7)</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		13. Cash and Cash Equivalents		
<u>1,547</u>	<u>5,012</u>	Cash at Bank and On Hand	<u>1,547</u>	<u>5,012</u>
<u><u>1,547</u></u>	<u><u>5,012</u></u>		<u><u>1,547</u></u>	<u><u>5,012</u></u>
		<p>For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.</p> <p>Cash and 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:</p>		
<u>1,547</u>	<u>5,012</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>1,547</u>	<u>5,012</u>
<u><u>1,547</u></u>	<u><u>5,012</u></u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u><u>1,547</u></u>	<u><u>5,012</u></u>

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		14. Receivables		
		Current		
179	474	Sale of Goods and Services	179	474
484	290	Intra Health Receivables	484	290
545	366	Goods and Services Tax	545	366
6	11	Other Debtors	6	11
1,214	1,141	Sub Total	1,214	1,141
107	492	Prepayments	107	492
1,321	1,633		1,321	1,633
		Non-Current		
68	----	Prepayments	68	----
68	----		68	----

Sale of Goods and Services include some amounts receivable from entities controlled by the ultimate parent.

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
- Health System Support Group
- Far West Local Health District.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		15. Property, Plant and Equipment		
		Plant and Equipment - Fair Value*		
2,431	2,562	Gross Carrying Amount	2,431	2,562
<u>1,176</u>	<u>1,295</u>	Less: Accumulated Depreciation and Impairment	<u>1,176</u>	<u>1,295</u>
<u>1,255</u>	<u>1,267</u>	Net Carrying Amount	<u>1,255</u>	<u>1,267</u>
		Leasehold Improvements - Fair Value*		
709	709	Gross Carrying Amount	709	709
<u>378</u>	<u>326</u>	Less: Accumulated Depreciation and Impairment	<u>378</u>	<u>326</u>
<u>331</u>	<u>383</u>	Net Carrying Amount	<u>331</u>	<u>383</u>
<u>1,586</u>	<u>1,650</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,586</u>	<u>1,650</u>

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT & CONSOLIDATION

15. Property, Plant and Equipment - Reconciliation

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

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2018			
Net carrying amount at start of year	1,266	384	1,650
Additions	209	----	209
Recognition of Assets Held for Sale	(11)	----	(11)
Disposals	(44)	----	(44)
Depreciation Expense	(165)	(53)	(218)
Net carrying amount at end of year	1,255	331	1,586

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2017			
Net carrying amount at start of year	562	411	973
Additions	65	20	85
Administrative Restructures - Transfers In/(Out)	860	----	860
Depreciation Expense	(217)	(51)	(268)
Reclassifications	(3)	3	----
Net carrying amount at end of year	1,267	383	1,650

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		16. Intangible Assets		
		Intangibles		
1,250	1,180	Cost (Gross Carrying Amount)	1,250	1,180
1,109	1,069	Less Accumulated Amortisation and Impairment	1,109	1,069
<u>141</u>	<u>111</u>	Net Carrying Amount	<u>141</u>	<u>111</u>
<u>141</u>	<u>111</u>	Total Intangible Assets at Net Carrying Amount	<u>141</u>	<u>111</u>

PARENT & CONSOLIDATION

16. Intangible Assets - Reconciliation

	Total \$000
2018	
Net carrying amount at start of year	111
Additions (From Internal Development or Acquired Separately)	70
Amortisation (Recognised in Depreciation and Amortisation)	(40)
Net carrying amount at end of year	141

	Total \$000
2017	
Net carrying amount at start of year	256
Disposals	(7)
Amortisation (Recognised in Depreciation and Amortisation)	(152)
Other Movements	14
Net carrying amount at end of year	111

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		17. Non-Current Assets Held for Sale		
		Assets Held for Sale		
11	-----	Plant and Equipment	11	-----
<u>11</u>	<u>-----</u>		<u>11</u>	<u>-----</u>

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

Three rural and remote business unit motor vehicles awaiting auction or transportation to auction facility for sale within the next two to three months.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		18. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	253	202
----	----	Taxation and Payroll Deductions	213	204
466	406	Accrued Liability - Purchase of Personnel Services	----	----
1,182	638	Creditors	1,182	638
		Other Creditors		
2,451	1,996	- Payables to entities controlled by the immediate parent	2,451	1,996
520	472	- Other	520	472
<u>4,619</u>	<u>3,512</u>		<u>4,619</u>	<u>3,512</u>

'Creditors' include some amounts owing to entities controlled by the ultimate parent.

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

- South Western Sydney Local Health District
- Western Sydney Local Health District
- eHealth NSW.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		19. Provisions		
		Current		
----	----	Annual Leave - Short Term Benefit	1,486	1,415
----	----	Annual Leave - Long Term Benefit	600	373
----	----	Long Service Leave Consequential On-Costs	393	279
----	----	Provision for Other Employee Benefits*	87	35
2,566	2,102	Provision for Personnel Services Liability	----	----
2,566	2,102		2,566	2,102
		ADO liabilities have been reclassified from 'Other' to 'Provision for Other Employee Benefits'. Prior year comparatives have been restated as a result.		
		Non-Current		
----	----	Long Service Leave Consequential On-Costs	34	23
34	23	Provision for Personnel Services Liability	----	----
34	23		34	23
		Aggregate Employee Benefits and Related On-Costs		
----	----	Provisions - Current	2,566	2,102
----	----	Provisions - Non-Current	34	23
----	----	Accrued Salaries, Wages and On-Costs (Note 18)	466	406
3,066	2,531	Liability - Purchase of Personnel Services	----	----
3,066	2,531		3,066	2,531
		20. Other Liabilities		
		Current		
611	386	Income in Advance	611	386
611	386		611	386
		Most of income in advance balance is made up of amounts received in advance from the Department of Education, which is an entity controlled by the ultimate parent.		

Health Education and Training Institute
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PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		21. Commitments for Expenditure		
		Future non-cancellable operating lease rentals not provided for and payable		
-----	-----	Total Operating Lease Commitments (Including GST)	-----	-----

The Institute has entered into cancellable building leases with the Ministry of Health for Buildings 7, 8, 12 and 13 at Gladesville Hospital.

The Health Administration Corporation entered into a Relocation Deed with UrbanGrowth NSW and Western Sydney Local Health District for the land and buildings at North Parramatta.

The Relocation Deed refers to the Institute as a Health Party of the Health Administration Corporation and is licensed to utilise the buildings at North Parramatta (Buildings 101, 102, 103) for the duration of the ten year licence term.

The Health Administration Corporation is responsible for the operating costs of the use of the buildings. Actual operating costs are not currently quantifiable with only estimates available.

The Institute is expected to receive funding to cover reasonable operating costs when incurred from the Ministry of Health on behalf of the Health Administration Corporation.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
22. Reconciliation of Cash Flows from Operating Activities to Net Result				
(3,259)	(317)	Net Cash Flows from Operating Activities	(3,259)	(317)
(258)	(420)	Depreciation and Amortisation	(258)	(420)
(224)	174	(Increase)/ Decrease Income in Advance	(224)	174
(474)	(14)	(Increase)/ Decrease in Provisions	(474)	(14)
(237)	181	Increase / (Decrease) in Prepayments and Other Assets	(237)	181
(1,116)	1,804	(Increase)/ Decrease in Payables from Operating Activities	(1,116)	1,804
<u>29</u>	<u>(7)</u>	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	<u>29</u>	<u>(7)</u>
<u><u>(5,539)</u></u>	<u><u>1,401</u></u>	Net Result	<u><u>(5,539)</u></u>	<u><u>1,401</u></u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

23. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was more than adjusted budget by \$0.894million, primarily due to additional revenue of \$1.463 million which is offset by expense unfavourability of \$0.569 million.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 10 July 2017 are as follows:

	\$000
Initial Allocation	36,943
Nursing & Midwifery Scholarships	2,500
Higher Education Scholarships, Strategic Initiatives and Priorities	1,750
State-wide Leadership Management Programs	1,096
Mental Health training projects	600
Training and Support Unit for Aboriginal Mothers, Babies and Children (TSU)	500
Nurse/Midwife Strategy Reserve	291
Metropolitan Access Scholarship Program	200
Diagnostic Imaging Medical Physicists Mentor/Advisor	200
Orthotists and Prosthetists Workforce Development	80
Nursing and Midwifery Mandatory Training Evaluation	70
Underdrawn Cash Adjustment	(8,960)
Rural Generalist / General Practitioner Procedural Training Programs' (RG/GPPTPs), budget transfer to other health entities	(2,082)
Balance as per Statement of Comprehensive Income	33,188

Health Education and Training Institute
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24. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2016/17 year were:

An increase in net assets of \$4.054 M relating to the transfer of NSWIOP to the Institute.

Nil equity transfers were effected in 2017/18.

	2018	2017
	\$000	\$000
Equity transfers effected comprised:		
NSW Institute of Psychiatry (NSWIOP)	----	4,054
	-----	4,054
Assets and Liabilities transferred are as follows:		
	2018	2017
	\$000	\$000
Assets		
Cash and Cash Equivalents	----	3,752
Receivables	----	33
Property, Plant and Equipment	----	860
Intangibles	----	14
Liabilities		
Payables	----	(412)
Provisions	----	(193)
Increase/(Decrease) in Net Assets From Equity Transfers	-----	4,054

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

25. Financial Instruments

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

The Institute's main risks arising from financial instruments are outlined below, together with the Institute'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 Institute, 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 2018 \$000	Carrying Amount 2017 \$000
Cash and Cash Equivalents (note 13)	N/A	1,547	5,012
Receivables (note 14)*	Loans and receivables (at amortised cost)	669	775
		<u>2,216</u>	<u>5,787</u>
Financial Liabilities			
Payables (note 18)**	Financial liabilities measured at amortised cost	4,406	3,308
		<u>4,406</u>	<u>3,308</u>

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). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
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25. Financial Instruments

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

Credit risk associated with the Institute'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 2.4% in 2017/18 compared to 2.0% in the previous year.

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 Institute 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 Institute 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 (2018: \$0.59M ; 2017: \$0.35M) and not more than 3 months past due (2018: \$0.06M ; 2017: \$0.2M) are not considered impaired.

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.

	2018	2017
	\$000	\$000
Neither past due nor impaired	5	574
Past due but not impaired ^{1,2}		
< 3 months overdue	649	200
3 - 6 months overdue	1	----
> 6 months overdue	14	1
Impaired ^{1,2}		
< 3 months overdue	----	----
3 - 6 months overdue	----	----
> 6 months overdue	----	----
Total ^{1,2}	669	775

Notes

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

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments Disclosures. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

25. Financial Instruments

(c) Liquidity Risk

Liquidity risk is the risk that the Institute will be unable to meet its payment obligations when they fall due. The Institute 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 Institute has negotiated no loan outside of arrangements with the NSW Ministry of Health or NSW Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral.

The Institute 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 Institute 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 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.

Health Education and Training Institute
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25. Financial Instruments

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates		
	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2018							
Payables:							
- Creditors ²	4,406	----	----	4,406	4,406	----	----
	<u>4,406</u>	<u>----</u>	<u>----</u>	<u>4,406</u>	<u>4,406</u>	<u>----</u>	<u>----</u>
2017							
Payables:							
- Creditors ²	3,308	----	----	3,308	3,308	----	----
	<u>3,308</u>	<u>----</u>	<u>----</u>	<u>3,308</u>	<u>3,308</u>	<u>----</u>	<u>----</u>

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 Institute 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.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

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25. 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 Institute's exposures to market risk are primarily through interest rate risk on the Institute's borrowings and other price risks associated with the movement in the unit price of the TCorpIM Funds investment facilities. The Institute 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 Institute 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 2017. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, the Institute 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 Institute 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 Institute's exposure to interest rate risk is set out below.

	Carrying Amount	-1% Net Result	Equity	+1% Net Result	Equity
	\$000	\$000	\$000	\$000	\$000
2018					
Financial Assets					
Cash and Cash Equivalents	1,547	(15)	(15)	15	15
Receivables	669	----	----	----	----
Financial Liabilities					
Payables*	4,406	----	----	----	----
2017					
Financial Assets					
Cash and Cash Equivalents	5,012	(50)	(50)	50	50
Receivables	775	----	----	----	----
Financial Liabilities					
Payables*	3,308	----	----	----	----

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Health Education and Training Institute
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26. Related Party Transactions

PARENT AND CONSOLIDATION

During the financial year, Health Education and Training Institute obtained key management personnel services from the immediate parent and incurred \$326,358 (2017: \$352,488) 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.

There were no transactions with key management personnel and their close family members during the financial year (2017: \$Nil).

Transactions with ultimate parent

There were no transactions with the ultimate parent during the financial year (2017: \$Nil).

27. Events After the Reporting Period

There has not been any matters arising subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS

