



INDEPENDENT AUDITOR'S REPORT

Health Administration Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Administration Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, the statement of financial position and the statement of cash flows.

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

Secretary's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Steven Martin
Assistant Auditor General, Financial Audit Services

29 September 2014
SYDNEY

Health Administration Corporation
Certification of the Financial Statements
for the year ended 30 June 2014

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

- 1) The financial statements of the Health Administration Corporation for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Administration Corporation; and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Mary Foley
Secretary of Health
26 September 2014



John Roach
Chief Financial Officer

Annual Financial Statements

of

Health Administration Corporation

for the year ended 30 June 2014

Health Administration Corporation
Statement of Comprehensive Income for the year ended 30 June 2014

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual
2014	2014	2013			2014	2014	2013
\$000	\$000	\$000			\$000	\$000	\$000
			Expenses excluding losses				
			Operating Expenses				
---	---	---	Employee Related	3	1,343,767	1,367,321	1,251,339
1,266,219	1,288,262	1,213,649	Personnel Services	4	---	---	---
1,017,017	1,015,421	941,287	Other Operating Expenses	5	1,017,017	1,015,421	941,287
75,775	75,938	69,991	Depreciation and Amortisation	2(i), 6	75,775	75,938	69,991
25,326	27,339	22,916	Grants and Subsidies	7	25,326	27,339	22,916
71	44	111	Finance Costs	8	71	44	111
2,384,408	2,407,004	2,247,954	Total Expenses excluding losses		2,461,956	2,486,063	2,285,644
			Revenue				
660,069	661,483	679,268	NSW Ministry of Health Recurrent Allocations	2(d)	660,069	661,483	679,268
170,725	194,406	190,421	NSW Ministry of Health Capital Allocations	2(d)	170,725	194,406	190,421
---	---	---	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	77,548	79,102	37,690
1,640,210	1,617,736	1,580,022	Sale of Goods and Services	9	1,640,210	1,617,736	1,580,022
12,550	6,600	7,179	Investment Revenue	10	12,550	6,600	7,179
9,742	6,695	6,329	Grants and Contributions	11	9,742	6,695	6,329
11,158	9,611	11,037	Other Revenue	13	11,158	9,611	11,037
2,504,454	2,496,531	2,474,256	Total Revenue		2,582,002	2,575,633	2,511,946
(3,219)	(2,493)	(764)	Gain / (Loss) on Disposal	14	(3,219)	(2,493)	(764)
(58,214)	(27,410)	(30,377)	Other Gains / (Losses)	15	(58,214)	(27,410)	(30,377)
58,613	59,624	195,161	Net Result	34	58,613	59,667	195,161
			Other Comprehensive Income				
			Items that will not be reclassified to net result				
			Net Increase/(Decrease) in Property, Plant &				
6,868	---	356	Equipment Revaluation Surplus	22	6,868	---	356
6,868	---	356	Total Other Comprehensive Income		6,868	---	356
65,481	59,624	195,517	TOTAL COMPREHENSIVE INCOME		65,481	59,667	195,517

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Financial Position as at 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2014 \$000	2014 \$000	2013 \$000		2014 \$000	2014 \$000	2013 \$000
ASSETS						
Current Assets						
384,027	292,465	301,976	18	384,027	292,465	301,976
278,942	264,245	279,932	19	278,942	264,245	279,932
34,460	33,763	33,761	20	34,460	33,763	33,761
562	4,016	4,274	21	562	4,016	4,274
<u>697,991</u>	<u>594,489</u>	<u>619,943</u>		<u>697,991</u>	<u>594,489</u>	<u>619,943</u>
2,023	2,216	2,216	24	2,023	2,216	2,216
700,014	596,705	622,159		700,014	596,705	622,159
Total Current Assets						
Non-Current Assets						
734	737	738	19	734	737	738
217	1,163	1,163	21	217	1,163	1,163
Property, Plant & Equipment						
299,952	293,858	292,140	22	299,952	293,858	292,140
167,796	161,413	162,244	22	167,796	161,413	162,244
206	8,530	146	22	206	8,530	146
11,488	4,548	4,569	22	11,488	4,548	4,569
<u>479,442</u>	<u>468,349</u>	<u>459,099</u>		<u>479,442</u>	<u>468,349</u>	<u>459,099</u>
448,503	469,892	382,549	23	448,503	469,892	382,549
928,896	940,141	843,549		928,896	940,141	843,549
1,628,910	1,536,846	1,465,708		1,628,910	1,536,846	1,465,708
Total Assets						
LIABILITIES						
Current Liabilities						
370,716	303,902	302,149	27	370,716	303,902	302,149
8,546	48	48	28	8,546	48	48
215,689	220,322	210,546	29	215,689	220,322	210,546
8,051	8,971	8,971	30	8,051	8,971	8,971
<u>603,002</u>	<u>533,243</u>	<u>521,714</u>		<u>603,002</u>	<u>533,243</u>	<u>521,714</u>
Total Current Liabilities						
Non-Current Liabilities						
8,196	-----	272	28	8,196	-----	272
8,042	5,952	5,738	29	8,042	5,952	5,738
165	-----	-----	30	165	-----	-----
<u>16,403</u>	<u>5,952</u>	<u>6,010</u>		<u>16,403</u>	<u>5,952</u>	<u>6,010</u>
Total Non-Current Liabilities						
619,405	539,195	527,724		619,405	539,195	527,724
Total Liabilities						
1,009,505	997,651	937,984		1,009,505	997,651	937,984
Net Assets						
EQUITY						
136,525	129,757	129,657		136,525	129,757	129,657
872,980	867,894	808,327		872,980	867,894	808,327
1,009,505	997,651	937,984		1,009,505	997,651	937,984
Total Equity						

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Changes in Equity for the year ended 30 June 2014

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2013		808,327	129,657	937,984
Total Equity at 1 July 2013		<u>808,327</u>	<u>129,657</u>	<u>937,984</u>
Net Result for the year		58,613		58,613
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	22	----	6,868	6,868
Total Other Comprehensive Income		----	6,868	6,868
Total Comprehensive Income for the year		<u>58,613</u>	<u>6,868</u>	<u>65,481</u>
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	38	6,040	----	6,040
Balance at 30 June 2014		<u>872,980</u>	<u>136,525</u>	<u>1,009,505</u>
Balance at 1 July 2013		546,685	129,301	675,986
Total Equity at 1 July 2013		<u>546,685</u>	<u>129,301</u>	<u>675,986</u>
Net Result for the year		195,161		195,161
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	22	----	356	356
Total Other Comprehensive Income		----	356	356
Total Comprehensive Income for the year		<u>195,161</u>	<u>356</u>	<u>195,517</u>
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	38	66,481	----	66,481
Balance at 30 June 2013		<u>808,327</u>	<u>129,657</u>	<u>937,984</u>

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Cash Flows for the year ended 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2014	2014	2013		2014	2014	2013
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---				
(25,326)	(30,110)	(25,549)		(1,279,024)	(1,312,582)	(1,231,506)
(71)	(44)	(102)		(25,326)	(30,110)	(25,549)
(2,424,816)	(2,483,560)	(2,382,232)		(71)	(44)	(102)
				(1,145,792)	(1,170,978)	(1,150,726)
(2,450,213)	(2,513,714)	(2,407,883)		(2,450,213)	(2,513,714)	(2,407,883)
Total Payments						
Receipts						
660,069	661,483	679,268		660,069	661,483	679,268
170,725	194,406	190,421		170,725	194,406	190,421
24,064	24,005	22,989		24,064	24,005	22,989
1,545,360	1,710,152	1,759,133		1,545,360	1,710,152	1,759,133
12,550	6,568	7,180		12,550	6,568	7,180
9,742	7,683	6,743		9,742	7,683	6,743
253,327	75,377	(5,510)		253,327	75,377	(5,510)
2,675,837	2,679,674	2,660,224		2,675,837	2,679,674	2,660,224
Total Receipts						
NET CASH FLOWS FROM OPERATING ACTIVITIES						
225,624	165,960	252,341	34	225,624	165,960	252,341
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Land & Buildings, Plant & Equipment,						
3,303	---	3,734		3,303	---	3,734
5,603	2,012	5,515		5,603	2,012	5,515
Proceeds from Sale of Investments						
Purchases of Land & Buildings, Plant & Equipment,						
(171,770)	(176,949)	(192,127)		(171,770)	(176,949)	(192,127)
(945)	---	---		(945)	---	---
Infrastructure Systems and Intangibles						
Purchases of Investments						
(163,809)	(174,937)	(182,878)		(163,809)	(174,937)	(182,878)
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
16,422	258	46,720		16,422	258	46,720
---	(792)	(50,890)		---	(792)	(50,890)
Proceeds from Borrowings and Advances						
Repayment of Borrowings and Advances						
16,422	(534)	(4,170)		16,422	(534)	(4,170)
NET CASH FLOWS FROM FINANCING ACTIVITIES						
NET INCREASE / (DECREASE) IN CASH						
78,237	(9,511)	65,293		78,237	(9,511)	65,293
301,976	301,976	188,188		301,976	301,976	188,188
3,814	---	48,495	38	3,814	---	48,495
Opening Cash and Cash Equivalents						
Cash Transferred In/(Out) as a Result of Administrative Restructuring						
384,027	292,465	301,976	18	384,027	292,465	301,976
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

**Health Administration Corporation
Service Group Statements
for the year ended 30 June 2014**

CORPORATION EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Net Attributable		Total		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																							
Operating Expenses																							
Employee Related	8,463	7,754	1,330	591	82,542	75,436	634,605	548,286	419,651	420,090	53,789	83,974	88,601	94,752	44,865	9,279	29,921	11,197	1,343,787			1,251,339	
Other Operating Expenses	19,405	16,104	2,793	1,443	86,233	131,115	282,751	239,961	393,175	342,788	54,388	55,328	122,213	133,436	31,795	8,742	24,264	10,370	1,017,017			941,287	
Depreciation and Amortisation	1,710	1,505	181	125	7,209	6,778	25,333	22,992	27,972	26,979	4,869	4,765	4,886	5,357	1,791	701	1,824	789	75,775			69,991	
Grants and Subsidies	941	1,031	99	86	3,259	3,323	5,176	3,094	10,417	10,499	1,812	1,920	1,771	2,130	989	390	862	443	25,326			22,916	
Finance Costs	2	1	1	1	8	2	21	95	27	10	4	2	4	2	2	2	2	2	71			111	
Total Expenses excluding losses	30,521	28,395	4,404	2,245	179,251	216,654	947,986	814,408	851,242	800,368	114,862	145,989	197,475	235,676	79,442	19,112	56,973	22,799	2,461,956			2,285,644	
Revenue																							
NSW Ministry of Health Recurrent Allocations **																							
NSW Ministry of Health Capital Allocations **																							
Acceptance by the Crown Entity																							
of Employee Benefits and Other Liabilities																							
Sale of Goods and Services	624	156	14	125	5,861	2,569	34,789	15,637	24,373	13,270	2,828	2,707	3,388	2,948	3,582	323	1,978	66	77,548			37,690	
Investment Revenue	21,809	21,801	2,181	1,829	144,340	146,286	415,254	276,082	728,882	778,250	95,899	95,117	137,650	240,681	57,928	10,616	36,267	9,360	1,640,210			1,580,022	
Grants and Contributions	231	172	45	25	1,518	865	4,064	1,862	4,436	2,916	564	354	537	812	759	67	396	94	12,550			7,179	
Other Revenue	302	116	31	9	1,265	628	1,971	1,204	4,042	1,785	617	270	605	957	419	459	490	901	9,742			6,329	
Total Revenue	23,027	22,277	2,399	1,880	153,520	150,693	463,564	300,677	763,251	798,802	100,104	98,714	143,054	247,249	62,946	11,506	39,343	10,459	2,587,002			2,511,946	
Gain / (Loss) on Disposal	(1)	(2)	(2)	(2)	(1)	(10)	(2,455)	(876)	(433)	(1,603)	(45)	(7)	(46)	(16)	(67)	(2)	(17)	1	(3,219)			(764)	
Other Gains / (Losses)	1	3	---	---	2	2	(58,228)	(30,304)	6	(102)	2	7	2	7	7	2	1	2	(68,214)			(30,377)	
Net Result	(7,505)	(6,113)	(2,007)	(368)	(25,971)	(65,961)	(545,005)	(543,159)	(85,418)	(3,289)	(14,801)	(47,282)	(64,465)	(11,564)	(16,563)	(7,603)	(17,546)	(12,337)	830,794			195,161	
Other Comprehensive Income																							
Increase/(Decrease) in Revaluation Surplus	204	---	---	21	---	---	1,175	50	3,040	232	418	35	418	39	358	---	259	---	6,868			356	
Total Other Comprehensive Income	204	---	---	21	---	---	1,175	50	3,040	232	418	35	418	39	358	---	259	---	6,868			356	
Total Comprehensive Income	(7,301)	(6,113)	(1,986)	(368)	(24,896)	(65,961)	(543,830)	(543,109)	(85,378)	(3,037)	(14,383)	(47,247)	(64,047)	(11,603)	(16,205)	(7,603)	(17,287)	(12,337)	830,794			195,517	

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

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

Health Administration Corporation
Service Group Statements (Continued)
for the year ended 30 June 2014

CORPORATION ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets	7,757	3,752	1,725	297	45,827	28,624	117,448	107,598	138,865	105,743	19,161	19,288	18,282	31,137	22,882	2,525	12,080	3,012				384,027	301,976	
Cash and Cash Equivalents	11,313	3,862	3,281	325	33,295	25,919	59,619	48,910	96,419	137,892	31,824	16,852	23,775	42,643	14,220	1,881	5,196	1,658				278,942	279,932	
Receivables	755	649	76	51	4,705	4,703	6,077	8,607	14,517	12,295	1,664	1,984	3,448	4,766	1,967	314	1,251	372				34,460	33,761	
Inventories																							562	4,274
Financial Assets at Fair Value																							22	2,216
Non-Current Assets Held For Sale																								
Total Current Assets	19,825	8,364	5,082	679	83,827	59,866	185,141	167,366	250,208	258,271	52,723	38,548	45,586	79,177	39,069	4,778	18,553	5,110				700,014	622,159	
Non-Current Assets																								
Receivables																							734	738
Financial Assets at Fair Value																						217	1,163	
Property, Plant and Equipment																								
- Land and Buildings	331	6,381	25	535	7,810	28,734	243,072	97,468	32,615	114,369	4,101	20,198	4,677	22,708	2,739	2,973	4,382	3,343				289,952	292,140	
- Plant and Equipment	1,821	3,469	190	293	14,973	15,712	55,210	53,297	68,848	62,538	10,033	11,045	10,925	12,417	4,475	1,625	3,321	1,828				167,796	162,244	
- Infrastructure Systems	4	3		1	23	14	27	48	106	56	19	10	20	11	4	1	1	3				206	146	
- Leasehold Improvements	282	8,228	30	690	918	37,046	946	125,666	5,042	147,457	921	26,042	2,873	29,277	237	3,633	239	4,310				11,468	4,569	
Intangible Assets	20,969		2,228		61,064		59,268		198,432		39,271		37,178		13,996		16,098					448,503	362,549	
Total Non-Current Assets	23,407	18,125	2,471	1,523	84,799	81,684	358,996	277,022	303,580	325,191	54,405	57,413	55,743	64,645	21,451	8,447	24,044	9,489				928,896	843,549	
TOTAL ASSETS	43,232	26,489	7,553	2,202	168,626	141,550	544,137	444,388	553,788	583,462	107,128	95,961	101,329	143,822	60,520	13,225	42,597	14,609				1,628,910	1,465,708	
LIABILITIES																								
Current Liabilities																								
Payables	14,465	5,811	4,148	463	45,687	42,087	85,144	77,026	129,518	110,034	36,988	17,760	29,344	42,833	16,577	2,806	8,845	3,329				370,716	302,149	
Borrowings	9	1			5		8,401	17		17	3	3		5			133						8,546	48
Provisions	2,130	1,305	282	99	15,141	12,693	110,343	92,249	60,847	70,683	7,637	14,129	6,323	15,943	7,474	1,561	5,512	1,884				215,669	210,546	
Other	551	111	163	11	1,395	880	1,189	3,196	2,345	3,141	1,179	573	628	925	426	75	195	89				8,051	8,971	
Total Current Liabilities	17,155	7,228	4,593	573	62,223	55,635	205,077	172,488	192,710	183,975	45,787	32,465	36,295	59,706	24,477	4,442	14,685	5,302				603,002	521,714	
Non-Current Liabilities																								
Borrowings	9	3		1	8,056	26	8,056	97		95	3	17		28			2	128	3				8,196	272
Provisions	115	36	11	3	5,537	346	5,537	2,514	1,252	1,926	215	385	202	434	121	43	195	51				8,042	5,738	
Other	1				38		38		72				5		14			7					165	
Total Non-Current Liabilities	125	39	11	4	13,631	372	13,631	2,611	1,324	2,021	221	402	207	462	135	45	330	54				16,403	6,010	
TOTAL LIABILITIES	17,280	7,267	4,604	577	62,642	56,007	218,708	175,099	194,034	185,996	46,008	32,867	36,502	60,168	24,612	4,487	15,015	5,356				619,405	527,724	
NET ASSETS	25,952	19,222	2,949	1,625	105,984	85,543	325,429	269,289	359,754	397,566	61,120	63,094	64,827	83,654	35,908	8,738	27,582	9,253				1,009,505	937,984	

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

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

- * Public Health System Support (PHSS) was set up as a division of the Corporation on 17 March 2006. PHSS consists of two units:
 - the Health System Support Group which provides functions including the Activity Based Funding Taskforce, the Program Management Office, the Performance Support Office and the Health Protection Service, NSW.
 - HealthShare NSW (formerly known as Health Support Services prior to 1 August 2012) which provides financial, payroll, linen, food, information and other health support services to the health sector.
- * Health Infrastructure which is responsible for the delivery and management of major NSW Health capital works projects.
- * The Ambulance Service of NSW which provides clinical care and health related transport services across the State.
- * NSW Health Pathology which provides public pathology, forensic and analytical services across NSW.

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

Within the four divisions special employment divisions have been established under section 116(4) of the Health Services Act, to provide personnel services. As a consequence the values in the annual financial statements presented herein consist of the Corporation (as the parent entity) and the consolidated financial statements of the economic entity. In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Secretary of Health on 26 September 2014.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

2. Summary of Significant Accounting Policies

Basis of Preparation

The Corporation's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010, and the Treasurers' Directions. Apart from the basis for the Corporation's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ab).

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

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

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

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

Comparative Information

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

Statement of Compliance

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

Significant accounting policies used in the preparation of these financial statements are as follows:

a) Employee Benefits and Other Provisions

i) Salaries & Wages, Annual Leave, Sick Leave and On-Costs

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of ranging between 15.1% and 21.0% are applied to the value of leave payable at 30 June 2014 (comparable on-costs for 30 June 2013 ranged between 13.2% and 19.0%). The Corporation has assessed the actuarial advice based on the Corporation's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

ii) Long Service Leave and Superannuation

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

The Corporation accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

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

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Consequential On-Costs

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

iv) Other Provisions

Other provisions exist when the Corporation has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

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

Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the costs incurred for those persons transported by ambulance as a result of motor accidents. The Corporation recognised the revenue on an accruals basis from the time the patient is treated.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans.

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 or replacement by another liability.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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

Use of Outside Facilities

The Corporation uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities.

Where material, the cost method of accounting is used for the initial recording of all such services. Cost is determined as the fair value of the services given and is then recognised as revenue with a matching expense.

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

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

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

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

f) Acquisition of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

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

g) Capitalisation Thresholds

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

h) Depreciation of Property, Plant and Equipment

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

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
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"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.

i) Revaluation of Non-Current Assets

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

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

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

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

The Corporation revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Corporation was completed in the 30 June 2013 financial year and was based on an independent assessment.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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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.

j) Impairment of Property, Plant and Equipment

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

k) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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

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

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

m) Investment Properties

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

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

n) Intangible Assets

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

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

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

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

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

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

o) Maintenance

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

p) Leased Assets

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

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 charged to the Statement of Comprehensive Income in the periods in which they are incurred.

q) Inventories

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

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

r) Loans and Receivables

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

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

s) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Corporation determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

* Fair value through profit or loss - The Corporation subsequently measures investments designated upon initial recognition "at fair value through profit or loss" at fair value.

* Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

Health Administration Corporation
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- * The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Corporation's key management personnel.
 - * The risk management strategy of the Corporation has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act.
 - * T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.
 - * The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.
 - * Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Corporation has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'.
- These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.
- * Available-for-sale investments - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

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

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

t) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the 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.

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

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

u) De-recognition of financial assets and financial liabilities

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

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

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

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

v) Payables

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

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

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

w) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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x) Fair Value Hierarchy

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

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

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

Refer Note 25 and Note 39 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity Transfers

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

Transfers arising from an administrative restructure involving not-for-profit government 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 Corporation recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Corporation does not recognise that asset.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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z) Equity and Reserves

(i) Accumulated Funds

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

(ii) Revaluation Surplus

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

(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.

aa) Trust Funds

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

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

ab) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

ac) Service Group Statements Allocation Methodology

Using the statistical data for twelve months ending 30 June 2013, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2013-14 year.

In respect of assets and liabilities the Ministry requires the Corporation take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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ad) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 January 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. No impact to prior year values, increased note disclosures, refer note 25.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 3 and 29.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7. Minor Adjustment has been made to note 39.

(ii) Issued but not yet effective

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

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

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not for profit entities, the changes have application from 1 July 2014. Based on the initial high level assessment performed by the Ministry of Health, this standard has been assessed as having no material effect. The Corporation in conjunction with the Ministry will be performing a detailed review of the impact of the standard to assess if any small foundations, trust or any other type of entities are controlled, noting if such relationship exists, it is still likely to be immaterial.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted for whole of government reporting.

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AASB 9, Financial Instruments, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments has application from 1 July 2014.

AASB 2014-1, Amendments to Australian Accounting Standards is a summary of changes and impacts on wording arising from changes in other standards issued by the Australian Accounting Standards Board which have been already assessed above. This standard has application from 1 July 2014.

AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements which should have minimal impact due to exemptions not applying to General Government Sector Entities. This standard has application from 1 July 2014.

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
3. Employee Related				
Employee related expenses comprise the following:				
-----	-----	Salaries and Wages	765,251	735,545
-----	-----	Overtime	86,341	88,134
-----	-----	Penalties	103,995	99,568
-----	-----	Superannuation - Defined Benefit Plans	24,731	25,411
-----	-----	Superannuation - Defined Contribution Plans	82,947	74,832
-----	-----	Long Service Leave	57,123	15,385
-----	-----	Annual Leave	110,427	99,419
-----	-----	Other Leave	56,779	40,497
-----	-----	Redundancies	3,666	6,405
-----	-----	Workers' Compensation Insurance	45,711	53,829
-----	-----	Fringe Benefits Tax	214	399
-----	-----	Other Staff Related	6,582	11,915
-----	-----		<u>1,343,767</u>	<u>1,251,339</u>
The following additional information is provided:				
-----	-----	Employee Related Expenses Capitalised - Land and Buildings	13,645	10,654
-----	-----	Employee Related Expenses Capitalised - Intangibles	10,759	13,052
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
765,251	735,545	Salaries and Wages	-----	-----
86,341	88,134	Overtime	-----	-----
103,995	99,568	Penalties	-----	-----
82,947	74,832	Superannuation - Defined Contribution Plans	-----	-----
4,306	3,106	Long Service Leave	-----	-----
110,427	99,419	Annual Leave	-----	-----
56,779	40,497	Other Leave	-----	-----
3,666	6,405	Redundancies	-----	-----
45,711	53,829	Workers' Compensation Insurance	-----	-----
214	399	Fringe Benefits Tax	-----	-----
6,582	11,915	Other Staff Related	-----	-----
<u>1,266,219</u>	<u>1,213,649</u>		<u>-----</u>	<u>-----</u>
The following additional information is provided:				
13,645	10,654	Personnel Services Expenses Capitalised - Land and Buildings	-----	-----
10,759	13,052	Personnel Services Expenses Capitalised - Intangibles	-----	-----
5. Other Operating Expenses				
591	796	Advertising	591	796
574	676	Auditor's Remuneration - Audit of Financial Statements	574	676
33	110	Blood and Blood Products	33	110
3,880	1,922	Consultancies	3,880	1,922
24,500	24,308	Domestic Supplies and Services	24,500	24,308
6,888	6,413	Drug Supplies	6,888	6,413
69,684	70,537	Food Supplies	69,684	70,537
12,267	12,108	Fuel, Light and Power	12,267	12,108
341,175	317,876	Other (See (a) below)	341,175	317,876
1,255	1,128	Hospital Ambulance Transport Costs	1,255	1,128
227,278	191,583	Information Management Expenses	227,278	191,583
4,371	4,993	Insurance	4,371	4,993
86,092	88,378	Maintenance (See (b) below)	86,092	88,378
30,257	27,730	Medical and Surgical Supplies	30,257	27,730
17,577	16,652	Motor Vehicle Expenses	17,577	16,652
10,322	10,054	Postal and Telephone Costs	10,322	10,054
5,675	5,910	Printing and Stationery	5,675	5,910
2,845	3,488	Rates and Charges	2,845	3,488
22,267	16,677	Rental	22,267	16,677
4,521	5,252	Hosted services purchased from LHDs	4,521	5,252
116,563	110,877	Special Service Departments	116,563	110,877
17,750	14,463	Staff Related Costs	17,750	14,463
10,652	9,356	Travel Related Costs	10,652	9,356
<u>1,017,017</u>	<u>941,287</u>		<u>1,017,017</u>	<u>941,287</u>

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		(a) Other Includes:		
78,810	72,734	Aircraft Expenses (Ambulance)	78,810	72,734
281	144	Contract for Patient Services	281	144
123,758	154,420	Corporate Support Services	123,758	154,420
6,106	6,504	Courier and Freight	6,106	6,504
155	175	Isolated Patient Travel and Accommodation Assistance Scheme	155	175
1,569	2,106	Legal Services	1,569	2,106
1,728	2,020	Membership/Professional Fees	1,728	2,020
24,219	22,900	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	24,219	22,900
3	706	Public Private Partnership	3	706
1,021	1,927	Other Operating Lease Expense - Minimum Lease Payments	1,021	1,927
2,821	2,987	Quality Assurance/Accreditation	2,821	2,987
857	1,221	Security Services	857	1,221
		(b) Reconciliation of Total Maintenance		
24,283	20,499	Maintenance Contracts	24,283	20,499
48,867	52,431	New/Replacement Equipment under \$10,000	48,867	52,431
12,634	14,897	Repairs Maintenance/Non Contract	12,634	14,897
308	551	Other	308	551
86,092	88,378	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	86,092	88,378
5,228	4,410	Employee Related/Personnel Services Maintenance Expense Included in Notes 3 and 4	5,228	4,410
<u>91,320</u>	<u>92,788</u>	Total Maintenance Expenses	<u>91,320</u>	<u>92,788</u>

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
9,451	9,763	Depreciation - Buildings	9,451	9,763
38,037	37,182	Depreciation - Plant and Equipment	38,037	37,182
17	12	Depreciation - Infrastructure Systems	17	12
1,340	717	Amortisation - Leasehold Improvements	1,340	717
26,930	22,317	Amortisation - Intangible Assets	26,930	22,317
75,775	69,991		75,775	69,991
7. Grants and Subsidies				
1,695	974	Non-Government Organisations	1,695	974
19,834	21,868	Community Aged Care Packages	19,834	21,868
56	45	Grants to Research Organisations	56	45
3,687	----	Grant Payments to Other NSW Health Entities	3,687	----
54	29	Other Grants	54	29
25,326	22,916		25,326	22,916
8. Finance Costs				
12	9	Interest on Loans	12	9
59	102	Other Interest Charges	59	102
71	111	Total Finance Costs	71	111

Health Administration Corporation
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for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
9. Sale of Goods and Services				
1,897	2,228	(a) Sale of Goods	1,897	2,228
(b) Rendering of Services comprise the following:-				
		Patient Fees		
21,093	20,262	Department of Veterans' Affairs	21,093	20,262
15	85	Staff-Meals and Accommodation	15	85
117,054	116,274	Infrastructure Fees - Monthly Facility Charge	117,054	116,274
21,521	16,503	- Annual Charge	21,521	16,503
7,984	10,734	Cafeteria/Kiosk	7,984	10,734
123	97	Car Parking	123	97
-----	14	Child Care Fees	-----	14
16,846	12,627	Clinical Services (excluding Clinical Drug Trials)	16,846	12,627
380,845	389,312	Commercial Activities	380,845	389,312
242	105	Fees for Medical Records	242	105
8,355	8,518	Linen Service Revenues - Non Health Services	8,355	8,518
82,626	78,572	Linen Service Revenues - Other Health Services	82,626	78,572
762	810	Meals on Wheels	762	810
33,460	31,388	Motor Accident Authority Third Party	33,460	31,388
426	546	Patient Copayments - Program of Appliances for Disabled People	426	546
167,025	148,829	Patient Transport Fees	167,025	148,829
385	484	Private Use of Motor Vehicles	385	484
1,564	1,573	Salary Packaging Fee	1,564	1,573
290	232	Services Provided to Non NSW Health Organisations	290	232
768,199	732,771	Shared Corporate Services	768,199	732,771
5,622	4,720	Use of Ambulance Facilities	5,622	4,720
3,876	3,338	Other	3,876	3,338
<u>1,640,210</u>	<u>1,580,022</u>		<u>1,640,210</u>	<u>1,580,022</u>
10. Investment Revenue				
12,257	6,565	Interest	12,257	6,565
85	614	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	85	614
208	-----	Other	208	-----
<u>12,550</u>	<u>7,179</u>		<u>12,550</u>	<u>7,179</u>

Health Administration Corporation
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for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
11. Grants and Contributions				
265	511	Clinical Drug Trials	265	511
6,603	3,105	Commonwealth Government Grants	6,603	3,105
414	1,589	Industry Contributions/Donations	414	1,589
174	----	Cancer Institute Grants	174	----
345	419	NSW Government Grants	345	419
384	----	Grants from Other NSW Health Entities	384	----
210	55	Research Grants	210	55
1,347	650	Other Grants	1,347	650
<u>9,742</u>	<u>6,329</u>		<u>9,742</u>	<u>6,329</u>
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	24,731	25,411
----	----	Long Service Leave	52,816	12,279
----	----		<u>77,547</u>	<u>37,690</u>
13. Other Revenue				
Other Revenue comprises the following:-				
5,457	4,773	Ambulance Death and Disability Employee Contributions	5,457	4,773
71	303	Bad Debts Recovered	71	303
101	68	Commissions	101	68
258	127	Conference and Training Fees	258	127
357	130	Discounts	357	130
206	45	Insurance Refunds	206	45
711	686	Lease and Rental Income	711	686
1,165	----	Property not Previously Recognised	1,165	----
131	42	Sale of Merchandise, Old Wares and Books	131	42
108	303	Sponsorship Income	108	303
778	980	Treasury Managed Fund Hindsight Adjustment	778	980
2	10	Unclaimed Deposits	2	10
1,813	3,570	Other	1,813	3,570
<u>11,158</u>	<u>11,037</u>		<u>11,158</u>	<u>11,037</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		14. Gain / (Loss) on Disposal		
29,633	63,564	Property, Plant and Equipment	29,633	63,564
26,269	59,015	Less: Accumulated Depreciation	26,269	59,015
3,364	4,549	Written Down Value	3,364	4,549
2,374	1,977	Less: Proceeds from Disposal	2,374	1,977
(990)	(2,572)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(990)	(2,572)
-----	-----	Financial Assets at Fair Value	-----	-----
-----	50	Less: Proceeds from Disposal	-----	50
-----	50	Gain/(Loss) on Disposal of Financial Assets at Fair Value	-----	50
189	-----	Intangible Assets	189	-----
-----	-----	Less: Proceeds from Disposal	-----	-----
(189)	-----	Gain/(Loss) on Disposal of Intangible Assets	(189)	-----
2,969	-----	Assets Held for Sale	2,969	-----
929	1,758	Less: Proceeds from Disposal	929	1,758
(2,040)	1,758	Gain/(Loss) on Disposal of Assets Held for Sale	(2,040)	1,758
(3,219)	(764)	Total Gain/(Loss) on Disposal	(3,219)	(764)
		15. Other Gains / (Losses)		
(58,214)	(30,377)	Impairment of Receivables	(58,214)	(30,377)
(58,214)	(30,377)		(58,214)	(30,377)

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

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	860	28,848	7,058	36,766
Contributions recognised in previous years which were not expended in the current reporting period	6,800	82,565	26,401	115,766
Total amount of unexpended contributions as at balance date	<u>7,660</u>	<u>111,413</u>	<u>33,459</u>	<u>152,532</u>

Comment on restricted assets appears in Note 26

17. Service Groups of the Corporation

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community).

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency road and air ambulance services and treatment of patients in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

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Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

Service Group 4.1 - Rehabilitation and Extended Care Services

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

Service Group 5.1 - Population Health Services

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		18. Cash and Cash Equivalents		
195,456	192,820	Cash at Bank and On Hand	195,456	192,820
<u>188,571</u>	<u>109,156</u>	Short Term Deposits	<u>188,571</u>	<u>109,156</u>
<u>384,027</u>	<u>301,976</u>		<u>384,027</u>	<u>301,976</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.</p> <p>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:</p>				
<u>384,027</u>	<u>301,976</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>384,027</u>	<u>301,976</u>
<u>384,027</u>	<u>301,976</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>384,027</u>	<u>301,976</u>

Refer to Note 39 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		19. Receivables		
		Current		
132,939	60,487	Sale of Goods and Services	132,939	60,487
178,427	177,396	Intra Health Receivables	178,427	177,396
17,651	12,342	Goods and Services Tax	17,651	12,342
<u>27,872</u>	<u>14,617</u>	Other Debtors	<u>27,872</u>	<u>14,617</u>
356,889	264,842	Sub Total	356,889	264,842
<u>(86,445)</u>	<u>(30,838)</u>	Less Allowance for Impairment	<u>(86,445)</u>	<u>(30,838)</u>
270,444	234,004	Sub Total	270,444	234,004
8,498	45,928	Prepayments	8,498	45,928
<u>278,942</u>	<u>279,932</u>		<u>278,942</u>	<u>279,932</u>
		(a) Movement in the Allowance for Impairment		
(30,838)	(28,010)	Balance at Commencement of Reporting Period	(30,838)	(28,010)
2,607	27,549	Amounts written off during the period	2,607	27,549
<u>(58,214)</u>	<u>(30,377)</u>	(Increase)/decrease in Allowance Recognised in the Income Statement	<u>(58,214)</u>	<u>(30,377)</u>
<u>(86,445)</u>	<u>(30,838)</u>	Balance at 30 June	<u>(86,445)</u>	<u>(30,838)</u>
<u>(86,445)</u>	<u>(30,838)</u>		<u>(86,445)</u>	<u>(30,838)</u>
		Non-Current		
734	738	Prepayments	734	738
<u>734</u>	<u>738</u>		<u>734</u>	<u>738</u>

*Details regarding credit risk, liquidity risk and market risk,
including financial assets that are either past due or impaired
are disclosed in Note 39.*

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
20. Inventories - Current - Held for Distribution				
5	4	Drugs	5	4
34,362	33,657	Medical and Surgical Supplies	34,362	33,657
93	100	Food and Hotel Supplies	93	100
<u>34,460</u>	<u>33,761</u>		<u>34,460</u>	<u>33,761</u>
21. Financial Assets at Fair Value				
Current				
562	4,274	Other	562	4,274
<u>562</u>	<u>4,274</u>		<u>562</u>	<u>4,274</u>
Non Current				
217	1,163	Other	217	1,163
<u>217</u>	<u>1,163</u>		<u>217</u>	<u>1,163</u>

Refer to Note 39 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Health Administration Corporation
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
549,095	532,867	Gross Carrying Amount	549,095	532,867
<u>249,143</u>	<u>240,727</u>	Less: Accumulated Depreciation and Impairment	<u>249,143</u>	<u>240,727</u>
<u>299,952</u>	<u>292,140</u>	Net Carrying Amount	<u>299,952</u>	<u>292,140</u>
Plant and Equipment - Fair Value				
354,023	341,814	Gross Carrying Amount	354,023	341,814
<u>186,227</u>	<u>179,570</u>	Less: Accumulated Depreciation and Impairment	<u>186,227</u>	<u>179,570</u>
<u>167,796</u>	<u>162,244</u>	Net Carrying Amount	<u>167,796</u>	<u>162,244</u>
Infrastructure Systems - Fair Value				
749	660	Gross Carrying Amount	749	660
<u>543</u>	<u>514</u>	Less: Accumulated Depreciation and Impairment	<u>543</u>	<u>514</u>
<u>206</u>	<u>146</u>	Net Carrying Amount	<u>206</u>	<u>146</u>
Leasehold Improvements - Fair Value				
15,015	6,673	Gross Carrying Amount	15,015	6,673
<u>3,527</u>	<u>2,104</u>	Less: Accumulated Depreciation and Impairment	<u>3,527</u>	<u>2,104</u>
<u>11,488</u>	<u>4,569</u>	Net Carrying Amount	<u>11,488</u>	<u>4,569</u>
<u>479,442</u>	<u>459,099</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>479,442</u>	<u>459,099</u>

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PARENT & CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

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

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

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2013						
Net Carrying Amount at Start of Year	101,831	162,781	144,737	142	2,192	411,683
Additions	23,614	5,021	59,758	----	2,448	90,841
Reclassifications to Intangibles	----	----	(7,685)	----	----	(7,685)
Recognition of Assets Held for Sale	(370)	(4)	----	----	----	(374)
Disposals	----	----	(4,549)	----	----	(4,549)
Administrative Restructures - Transfers In/(Out)	19,610	(10,247)	7,067	15	56	16,501
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	(80)	436	----	----	----	356
Depreciation Expense	----	(9,763)	(37,182)	(12)	(717)	(47,674)
Reclassifications	----	(689)	98	1	590	----
Net Carrying Amount at End of Year	144,605	147,535	162,244	146	4,569	459,099

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

Healthshare performed a revaluation of its 'Land and Buildings' and 'Infrastructure' in 2013-14. The valuation was performed by Land & Property Information (NSW Government) on 31 March 2014. The application of indices was also considered in respect of the remaining assets of the Corporation to ensure observance of fair value movement. However, the potential change was immaterial and no adjustment has been made.

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		23. Intangible Assets		
		Intangibles		
596,812	500,809	Cost (Gross Carrying Amount)	596,812	500,809
148,309	118,260	Less Accumulated Amortisation and Impairment	148,309	118,260
448,503	382,549	Net Carrying Amount	448,503	382,549
448,503	382,549	Total Intangible Assets at Net Carrying Amount	448,503	382,549

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23. Intangibles - Reconciliation

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

	Intangibles \$000
2013	
Net Carrying Amount at Start of Year	292,519
Additions (From Internal Development or Acquired Separately)	104,106
Reclassifications from Plant & Equipment	7,685
Amortisation (Recognised in Depreciation and Amortisation)	(22,317)
Other Movements (SPECIFY)	556
Net Carrying Amount at End of Year	382,549

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
24. Non-Current Assets (or Disposal Groups) Held for Sale				
		Assets Held for Sale		
2,023	2,216	Land and Buildings	2,023	2,216
<u>2,023</u>	<u>2,216</u>		<u>2,023</u>	<u>2,216</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.

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25. Fair Value Measurement of Non-Financial Assets

2014. Comparative information for the following has not been provided as permitted by the transitional provisions of the new standard.

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

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

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

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure the Corporation obtains external valuations by independent valuers every three years. The last revaluation was performed by Land & Property Information (NSW Government) on 31 March 2014 for HealthShare NSW for the 2013/14 financial year.

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

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

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

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

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.

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.

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current 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.

Work in Progress and Newly Completed Buildings is categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer a identical correlation with the "shelf product".

Non-Current Assets Held for Sale is a non-recurring item that is measured at fair value less cost to sell, which is less than its carrying amount. These assets are categorised as level 2.

Level 3 disclosures:

Buildings and Infrastructure

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual building and infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations. The useful economic life of the assets is initially assessed at 40 years. The remaining economic life is assessed based upon physical depreciation and obsolescence. The Corporation provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed over the past four years have been included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The Corporation is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

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25. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements	Land and Buildings \$000	Infrastructure \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2013	21,959	146	22,105
Additions	----	25	25
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	2,687	8	2,695
Depreciation	(858)	(17)	(875)
Reclassifications	----	44	44
Fair value as at 30 June 2014	<u><u>23,788</u></u>	<u><u>206</u></u>	<u><u>23,994</u></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	
2014 \$000	2013 \$000	2014 \$000	2013 \$000
26. Restricted Assets			
<p>The Corporation's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>			
Category			
9,419	12,028	9,419	12,028
4,949	5,485	4,949	5,485
104,717	97,746	104,717	97,746
33,447	21,269	33,447	21,269
<hr/> 152,532	<hr/> 136,528	<hr/> 152,532	<hr/> 136,528

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		27. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	40,317	36,113
----	----	Taxation and Payroll Deductions	3,982	3,863
44,299	39,976	Accrued Liability - Purchase of Personnel Services	----	----
275,494	207,976	Creditors	275,494	207,976
		Other Creditors		
2,755	16,579	- Capital Works	2,755	16,579
48,168	37,618	- Intra Health Liability	48,168	37,618
<u>370,716</u>	<u>302,149</u>		<u>370,716</u>	<u>302,149</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

		28. Borrowings		
		Current		
8,546	48	Other Loans and Deposits	8,546	48
<u>8,546</u>	<u>48</u>		<u>8,546</u>	<u>48</u>
		Non-Current		
8,196	272	Other Loans and Deposits	8,196	272
<u>8,196</u>	<u>272</u>		<u>8,196</u>	<u>272</u>

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

Other loans still to be extinguished represent monies to be repaid to the NSW Ministry of Health and Treasury.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
29. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	101,122	92,933
----	----	Annual Leave - Long Term Benefit	78,238	81,763
----	----	Death and Disability (Ambulance Officers)	6,633	10,212
----	----	Sick Leave	38	43
----	----	Long Service Leave Consequential On-Costs	29,448	25,359
210	236	Other	210	236
215,479	210,310	Provision for Personnel Services Liability	----	----
215,689	210,546	Total Current Provisions	215,689	210,546
Non-Current				
----	----	Death and Disability (Ambulance Officers)	3,956	2,407
----	----	Long Service Leave Consequential On-Costs	1,550	1,332
2,536	1,999	Other	2,536	1,999
5,506	3,739	Provision for Personnel Services Liability	----	----
8,042	5,738	Total Non-Current Provisions	8,042	5,738
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	215,479	210,310
----	----	Provisions - Non-Current	5,506	3,739
----	----	Accrued Salaries, Wages and On-Costs (Note 27)	44,299	39,976
265,284	254,025	Liability - Purchase of Personnel Services	----	----
265,284	254,025		265,284	254,025
30. Other Liabilities				
Current				
8,051	8,971	Income in Advance	8,051	8,971
8,051	8,971		8,051	8,971
Non-Current				
165	----	Income in Advance	165	----
165	----		165	----

In 2013 an amount of \$6.003 million was received from the Infrashore Private Public Partnership (PPP) as a refund due to a change in scope. A component of the original PPP scope was transferred to the new Clinical Services Building (CSB) project. This amount has been held throughout 2013-14.

During 2013 an amount of \$2.560 million was recognised as income in advance due to the encashment of the National Build Plan Guarantees. These monies were cleared in 2013-14.

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		31. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
52,100	68,856	Not later than one year	52,100	68,856
3,785	4,402	Later than one year and not later than five years	3,785	4,402
<u>55,885</u>	<u>73,258</u>	Total Capital Expenditure Commitments (Including GST)	<u>55,885</u>	<u>73,258</u>
		Of the commitments reported at 30 June 2014 it is expected that \$7.1 million will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
96,499	87,322	Not later than one year	96,499	87,322
199,496	156,894	Later than one year and not later than five years	199,496	156,894
113,685	101,374	Later than five years	113,685	101,374
<u>409,680</u>	<u>345,590</u>	Total Operating Lease Commitments (Including GST)	<u>409,680</u>	<u>345,590</u>

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

(c) **Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$465.6 million as at 30 June 2014 (2013 - \$418.8 million) includes input tax credits of \$42.3 million that are expected to be recoverable from the Australian Taxation Office (2013 - \$38.1 million).

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32. Trust Funds

The Corporation holds trust fund moneys of \$1.4 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

These monies are excluded from the financial statements as the Corporation cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Private Practice Trust Funds		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash Balance at the beginning of the financial year	1,179	203	1,179	203
Receipts	146,858	143,414	146,858	143,414
Expenditure	(146,668)	(142,438)	(146,668)	(142,438)
Cash Balance at the end of the financial year	1,369	1,179	1,369	1,179

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33. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2007/08 fund year and an interim adjustment for the 2009/10 fund year were not calculated until 2013/14.

As a result, the 2008/09 final and 2010/11 adjustment pertaining to the health services forming part of the Corporation will be paid in 2014/15. It is not possible for the Corporation to reliably quantify the benefit to be received or amount payable.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
34. Reconciliation of Cash Flows from Operating Activities to Net Result				
225,624	252,341	Net Cash Flows from Operating Activities	225,624	252,341
(75,775)	(69,991)	Depreciation	(75,775)	(69,991)
(58,214)	(30,377)	Allowance for Impairment	(58,214)	(30,377)
755	(8,966)	(Increase)/ Decrease Income in Advance	755	(8,966)
(7,447)	(4,899)	(Increase)/ Decrease in Provisions	(7,447)	(4,899)
58,115	16,220	Increase / (Decrease) in Prepayments and Other Assets	58,115	16,220
(82,391)	41,597	(Increase)/ Decrease in Creditors	(82,391)	41,597
(3,219)	(764)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(3,219)	(764)
1,165	-----	Assets recognised for the First Time	1,165	-----
58,613	195,161	Net Result	58,613	195,161
35. Non-Cash Financing and Investing Activities				
2,422	17,053	Assets Received by Administrative Transfer	2,422	17,053
1,165	-----	Assets recognised for the First Time	1,165	-----
3,587	17,053		3,587	17,053
36. 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>				

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37. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was lower than budget by \$1 million only due to: \$M

* Reductions in Employee Related Expenses reflecting favourable performance in leave reduction strategies and workers' compensation claim management.	(24)	
*Capital underspends and rollovers to 2014/15.	24	
*Increased investment revenues.	(6)	
*Excess of movements in doubtful debt provisions over the increase in Sales of Goods and Services revenue.	9	
*Other.	(2)	
TOTAL	1	

Assets and Liabilities \$M \$M

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

Current Assets

* The increase in Cash / Investments to cover the cost of Accounts Payable for services provided but not yet invoiced and to improve liquidity.	88	
* Increase in Receivables, consistent with the increase in revenues generated.	15	103

Non Current Assets

* Reductions in Property, Plant and Equipment and Intangibles as a result of Capital under expenditure and rollovers to 2014/15.	(24)	
* Increases in Property, Plant and Equipment largely for assets transferred from NSW Police Force (\$2M), Asset revaluations (\$7M) and Assets recognised for the First Time (\$1M)	13	(11)

Total Assets **92**

Current Liabilities

* Increase in Accounts Payable eg for services performed but not yet invoiced.	66	
* Increase in Borrowings from NSW Ministry of Health to improve Ambulance Service liquidity.	8	
* Decrease in Provisions	(5)	69

Non Current Liabilities

* Increase in Borrowings from NSW Ministry of Health to improve Ambulance Service liquidity.	8	
* Increase in Provisions	3	11

Total Liabilities **80**

Net Assets **12**

Cash Flows

The Net Cash Inflow from Operating Activities exceeded budget by \$60M and reflects the increased cash held to extinguish accrued Other Operating Expenses.

Net Cashflows from Investing Activities total \$164M, a budget variation of \$11M relating to net movements in "Land and Buildings".

Cashflows from Financing Activities were \$16M whereas no budget was provided. The flows stem from borrowings from the NSW Ministry of Health.

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38. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2013/14 year were:

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

* \$0.298 million in net assets transferred in to Health System Support Group from Cancer Institute of NSW (\$0.247 million) and the Ministry of Health (\$0.051 million).

Equity transfers effected in the 2012/13 year were:

* \$65.691 million in net assets transferred in to NSW Pathology. The transfer in of net assets of \$79.868 million were from Hunter New England Local Health District (\$0.086 million), South Eastern Sydney Local Health District (\$3.187 million), Sydney Local Health District (\$28.813 million) Western Sydney Local Health District (\$46.953 million) and the transfer of Long Service Leave On Costs to the Crown Entity (\$0.829 million). The transfer out of net assets of \$14.177 million were to Illawarra Shoalhaven Local Health District (\$0.229 million) and South Western Sydney Local Health District (\$13.948 million).

* \$0.083 million of Long Service Leave Oncosts were transferred to the Crown Entity from Health System Support Group.

* \$0.321 million transferred to the Agency for Clinical Innovation and the Clinical Excellence Commission with the assumption of the Policy and Technical Support Unit responsibilities within those entities.

	2014	2013
	\$000	\$000
Equity transfers effected comprised:		
NSW Health Pathology		
Crown Entity - Transfer of Long Service Leave On-costs	----	829
Hunter New England LHD	18	86
Illawarra Shoalhaven LHD	----	(229)
Nepean Blue Mountains LHD	90	----
South Eastern Sydney LHD	----	3,187
South Western Sydney LHD	----	(13,948)
Sydney LHD	(523)	28,813
Western Sydney LHD	3,914	46,953
NSW Police Force	2,243	----
Health Infrastructure		
Crown Entity - Transfer of Long Service Leave On-costs	----	7
HealthShare NSW		
Crown Entity - Transfer of Long Service Leave On-costs	----	978
Nepean Blue Mountains LHD	----	3
Sydney Children's Hospital Network	----	206
Health System Support Group		
Crown Entity - Transfer of Long Service Leave On-costs	----	(83)
Cancer Institute of NSW	247	----
Ministry of Health	51	----
Policy and Technical Support Unit		
Agency for Clinical Innovation / Clinical Excellence Commission	----	(321)
	6,040	66,481

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Assets and Liabilities transferred are as follows:

	2014 \$000	2013 \$000
Assets		
Current Assets		
Cash	3,814	48,495
Receivables	----	(1,452)
Inventory	----	(559)
Financial Assets at Fair Value	----	----
Total Current Assets	3,814	46,484
Non Current Assets		
Receivables	----	----
Land and Buildings	----	9,419
Plant and Equipment	2,422	7,067
Infrastructure Systems	----	15
Intangible Assets	----	556
Other Financial Assets	----	(4)
Financial Assets at Fair Value	----	----
Total Non Current Assets	2,422	17,053
Total Assets	6,236	63,537
Liabilities		
Payables	----	(2,202)
Provisions	196	(757)
Other Current Liabilities	----	----
Total Current Liabilities	196	(2,959)
Non Current Liabilities		
Provisions	----	15
Total Non Current Liabilities	----	15
Total Liabilities	196	(2,944)
Increase in Net Assets From Equity Transfers	6,040	66,481

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39. Financial Instruments

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

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

The Secretary of Health has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the Corporation, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Class:	Category	Carrying Amount 2014 \$000	Carrying Amount 2013 \$000
Financial Assets			
Cash and Cash Equivalents (note 18)	N/A	384,027	301,976
Receivables (note 19)*	Loans and receivables (at amortised cost)	252,793	221,662
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	779	5,437
Total Financial Assets		<u>637,599</u>	<u>529,075</u>
Financial Liabilities			
Borrowings (note 28)	Financial liabilities measured at	16,742	320
Payables (note 27)**	amortised cost	366,734	298,286
Total Financial Liabilities		<u>383,476</u>	<u>298,606</u>

Notes

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

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

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(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from financial assets of the Corporation, including cash, receivables and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.48% to 4.28% in 2013/14 compared to 3.07% to 3.27% in the previous year.

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

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off.

An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

Intra Health debt accounts for approximately 53% of the receivable value and it is considered that HAC is not materially exposed to credit risk due to the recovery mechanisms employed by the Ministry of Health. Most of the debtors relate to Ambulance transport of private individuals, pathology accounts and charges within NSW Health for services provided by HealthShare NSW. Ambulance invoices are generally issued under 21 day payment terms whilst HealthShare NSW accounts are settled monthly.

Based on past experience, debtors that are not past due (2014: \$230.0M; 2013: \$202.6M and not more than 3 months past due (2014: \$11.3M; 2013:\$16.2M) are not considered impaired and together these represent 71.2% of the total trade debtors.

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

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2014	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	16,554	11,340	5,214
3 months - 6 months overdue	15,997	2,203	13,794
> 6 months overdue	76,652	9,215	67,437
2013			
<3 months overdue	48,584	32,502	16,082
3 months - 6 months overdue	23,537	12,674	10,863
> 6 months overdue	39,266	35,373	3,893

Notes

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

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

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Authority Deposits

The Corporation has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.42% (2013 - 3.65%), while over the year the weighted average interest rate was 3.70% (2013 - 3.71%) on a weighted average balance during the year of \$53.0 million (2013 - \$17.2 million). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is not significant.

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

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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
2014							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions	40,317	----	----	40,317	40,317	----	----
- Creditors	326,417	----	----	326,417	326,417	----	----
Borrowings:							
- Loans and Deposits	16,742	----	----	16,742	8,546	8,196	----
	383,476	----	----	383,476	375,280	8,196	----
2013							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions	36,113	----	----	36,113	36,113	----	----
- Creditors	262,173	----	----	262,173	262,173	----	----
Borrowings:							
- Loans and Deposits	320	----	----	320	320	----	----
	298,606	----	----	298,606	298,606	----	----

Notes:

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

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(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

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

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

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2014					
Financial Assets					
Cash and Cash Equivalents	384,027	(3,840)	(3,840)	3,840	3,840
Receivables	252,793	----	----	----	----
Financial Assets at Fair Value	779	(8)	(8)	8	8
Financial Liabilities					
Payables	366,734	----	----	----	----
Borrowings	16,742	----	----	----	----
2013					
Financial Assets					
Cash and Cash Equivalents	301,976	(3,020)	(3,020)	3,020	3,020
Receivables	221,662	----	----	----	----
Financial Assets at Fair Value	5,437	(54)	(54)	54	54
Financial Liabilities					
Payables	298,286	----	----	----	----
Borrowings	320	----	----	----	----

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Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2014 \$'000	2013 \$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	779	5,437

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

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

Investment in the Hour-Glass facilities limits the Corporation's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

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NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

	Change in unit price	Impact on profit/loss	
		2014	2013
		\$'000	\$'000
Hour-Glass Investment - Cash facility	+/- 1%	8	54

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

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

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

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

	Level 1	Level 2	Level 3	2014 Total
	\$'000	\$'000	\$'000	\$'000
TCorp Hour-Glass Invt.Facility	-----	779	-----	779
	Level 1	Level 2	Level 3	2013 Total
	\$'000	\$'000	\$'000	\$'000
TCorp Hour-Glass Invt.Facility	-----	5,437	-----	5,437

(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 2014.

The value of the Hour-Glass Investments is based on the Corporation's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

40. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS